



## Eyes on the Elysee

Why Balladur's hopes may hinge on Gatt

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## New life at Lloyd's

The race to raise cash begins

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## Andi's aluminium car

Space frame challenge to steel's monopoly

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## TOMORROW'S Weekend FT

Lord Howe: what I think of Thatcher's memoirs

# FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY OCTOBER 22 1993

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## Virgin files \$1bn antitrust action against BA in US

Richard Branson launched a near-\$1bn antitrust lawsuit against British Airways for its "dirty tricks" campaign against Virgin Atlantic Airways. The action was filed in a New York court citing "unfair and illegal activities" and accused BA of attempting to "destroy" Virgin's growth and trying to "destroy it with targeted predatory anti-competitive practices and acts".

British Airways, which has 60 days to respond to the action, said it had not yet seen the complaint and was not able to comment. Page 9

**Commonwealth focuses on Gatt**  
Commonwealth leaders opened their five-day summit in Limassol stressing the urgent need for a new international trade pact and reaffirming their commitment to human rights. Page 16

**Threat to Russian banks**  
Dozens of Russian commercial banks could be closed or restructured after a sweeping review being undertaken by the central bank, said Dmitry Tulin, the country's new banking supervision chief. Page 16

**US derivatives debate intensifies**  
Wayne Angell, a US Federal Reserve Board governor, intensified the debate on the derivatives markets by declaring that he does not share the concerns of some fellow board members about the futures markets. Page 17

**Whyte & MacKay, the UK drinks subsidiary of American Brands, won its two-year battle to gain control of Invergordon, the independent Scotch whisky producer when Fleming Investment Management decided to sell its 13.5 per cent stake for 300p a share. The deal values Invergordon at £382.4m. Page 17; Lex, Page 16**

**Japan construction scandal widens**  
Japan's construction industry scandal grew when prosecutors arrested two branch executives of Kajima, one of the country's top contractors, on suspicions of bribery. Page 4; Japan in construction talks to avert sanctions, Page 6

**Clash over Israel's Palestinian prisoners**  
Israeli and Palestinian peace negotiators clashed over the release of Palestinian political prisoners from Israeli jails and over Israeli security proposals. The Palestinian delegation even left the talks for a short time. Meanwhile, Assad Saifawi, a moderate leading supporter of Yasser Arafat, PLO chairman, was assassinated in Gaza. Page 5

**New Burundi president ousted**  
Paratroopers from Burundi's Tutsi tribe ousted president Melchior Ndadaye of Burundi, ending a short experiment in democracy which had given the majority Hutu tribe a rare taste of political freedom. Page 5

**Russia backs down on nuclear dumping**  
Russia bowed to Japanese pressure, saying it would not release more nuclear waste into the sea around Japan. It warned that without international financial help it would have to start dumping again. Viktor Danilov-Daniyan, Russian environment minister (left), said international

outrage had been exaggerated, adding: "I have to deal with worse ecological problems." Page 4

**US tax rise on cigarettes proposed**  
US president Bill Clinton proposed a 75 cents increase in the tax on a packet of cigarettes to help finance healthcare reform. The measure would have to be approved by Congress.

**Nato enlargement seems**  
Nato recognises that it is on the way towards enlargement to include former members of the Warsaw Pact. Les Aspin, US defence secretary, said. Page 3

**Salomon Brothers, Wall Street's most volatile investment bank, fell out of favour with investors again after reporting that it had barely broken even in the third quarter. This result followed a big trading loss in the US. Page 17**

**Guinness reinforced its alliance with LVMH, the French luxury goods and drinks group, by forming a new joint venture operation in China. The project is the 16th to be established in international Scotch whisky and cognac markets since the two companies became partners in 1987. Page 17**

**US plans for NAFTA jobs losses**  
The Clinton administration may today announce support for a North American Development Bank, which would fund projects in communities hit by job losses resulting from the North American Free Trade Agreement. Page 6

STOCK MARKET INDICES		STERLING	
FT-SE 100	3,188.3 (+32.0)	New York headline	1,487
3-mo Treas Bill	8.88	Yield	1.487
FT-SE Eurostoxx 100	1,385.45 (+17.11)	London	1,487 (1.49)
FT-AE Share	157.17 (+0.9%)	DM	2,472.25 (2.45)
Nikkei	20,779.42 (+6.00)	FFr	8.080 (8.08)
New York headline		Sfr	2,182.25 (2.1675)
Dow Jones Ind Ave	3,394.75 (+10.34)	Y	191 (190)
S&P Composite	494.55 (+1.52)	E index	80.2 (79.3)
US LUNTIME RATES		DOLLAR	
Federal Funds	2.75%	New York headline	1,483
3-mo Treas Bill	8.88%	DM	1,483
Long Bond	10.4%	Sfr	5.533
Yield	8.88%	FFr	1,488
LONDON MONEY		Y	108.295
3-mo interbank	5.5%	London	1,483 (1.48)
3-mo bill	10.4%	DM	1,483 (1.48)
Life long gilt	11.5%	FFr	5.54 (5.54)
NORTH SEA OIL (Aargau)		Sfr	1,488 (1.485)
Brut 15-day	\$17.225 (17.04)	Y	108.25 (107.3)
Gold		S index	66.0 (65.8)
New York Comex	\$371.7 (373.8)	Tokyo close	¥ 107.50
London	\$373.3 (373.0)		

Austria	Sch20	Grease	D300	Lux	LF65	Cater	GR12.00
Bahrain	Din250	Hong Kong	HK\$18	Malta	MT\$10	S. Arabia	S\$11
Belgium	Bfr65	Hungary	H\$18	Monaco	MC\$10	Singapore	S\$10
Bulgaria	Blev200	India	R\$15	Norway	Nkr10	South Africa	R\$10
Cyprus	C\$1.00	Israel	IL\$10	Poland	PL\$10	Spain	P\$10
Czech Rep	C\$10.00	Japan	¥100	Portugal	P\$10	Sweden	S\$10
Denmark	Dkr15	Italy	L\$10	Russia	R\$10	Switzerland	S\$10
Egypt	E\$10	UK	£10	Saudi Arabia	S\$10	Taiwan	T\$10
France	Ffr100	USA	\$10	Turkey	T\$10	Thailand	TH\$10
Germany	D\$10	Latvia	L\$10	UAE	A\$10	USA	\$10

## Bundesbank cuts rates by half-point

German move eases pressure on weak ERM currencies

By Christopher Parkes in Frankfurt and Peter John and Peter Marsh in London

THE GERMAN Bundesbank cut its discount and lombard rates by half a percentage point each yesterday, triggering a spate of rate cuts across continental Europe.

The surprise move eased pressures on several weak currencies in the European exchange rate mechanism.

Mr Lloyd Bentsen, the US Treasury secretary, said in Washington that the cut would "help strengthen world growth and create jobs".

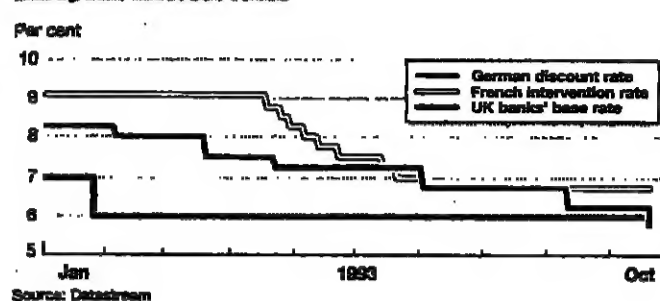
The German central bank agreed at a meeting of its decision-making council to cut its discount rate, which sets the floor for German money rates, to 5.75 per cent. The lombard rate, which it uses to lend emergency funds to banks against collateral, was lowered to 6.75 per cent.

The move - which followed a similar half-a-percentage reduction in both rates on September 9 - was followed by cuts in interest rates in the Netherlands, Belgium, Italy, Austria and Switzerland. Sweden had anticipated the German move by cutting rates earlier in the day.

Mr Hans Tietmeyer, the new Bundesbank president, said the cut marked an adaptation to economic changes. Factors influencing the decision included the revaluation, in effect, of the D-Mark against other currencies since the widening of the ERM's fluctuation bands at the beginning of August.

But he said the bank's policy was not driven by exchange rate considerations, nor was it affected by other people's think-

### European interest rates



ing or requirements. "We cannot be a central bank for Europe". Asked about recent tensions in the ERM, notably affecting the Belgian franc, he said he hoped they were temporary.

Yesterday's decision appeared

to have been heavily influenced by poor prospects for a domestically driven recovery from recession. German economists expect internal demand to remain weak well into next year.

On Bundesbank calculations,

the German economy has yet to show signs of recovery. Third quarter gross domestic product was expected to be unchanged from the second quarter, Mr Tietmeyer said. The bank was trying to support recovery "within the limits of its powers". The Bundesbank also cut its "repo" rate, with which it provides liquidity to the banking system, to 6.4 per cent from 6.67 per cent.

Although neither France nor Britain took advantage of the boost the German move gave to their currencies against the D-Mark by cutting borrowing rates, stock markets in both countries moved ahead strongly on the expectation of official moves to ease borrowing conditions.

On the Paris bourse, shares

surged by 2.3 per cent while in London the FT-SE 100 index of leading shares gained 32 points to close at 3,188.3, for the second consecutive record closing high. Elsewhere, share prices on the Zurich and Amsterdam bourses moved ahead by about 1 per cent.

Currency markets saw heavy selling of the D-Mark as investors shifted funds into the US dollar. The dollar rose nearly two pence against the D-Mark to DM1.6635 and the pound was closed more than two pence higher on the day at DM2.4725.

The French franc rebounded by two centimes to FF8.5120 against the D-Mark as investors anticipated an early rate cut.

Monetary stability helps Bundesbank act, Page 3  
France ready to cut rates, Page 3  
Editorial Comment, Page 15  
Lex, Page 16  
Bonds, Page 23

## Thai telecom flotation to raise \$400m

By Victor Mallet in Bangkok and Andrew Adams in London

TELECOMASIA (TA), a subsidiary of the multinational Charoen Pokphand group, plans to raise about \$400m through a partial public flotation on the Stock Exchange of Thailand, which is expected to value the whole of TA at about \$40m.

TA has received permission to list 233m new shares on the exchange. The existing 2bn shares are 65 per cent owned by the CP group and 15 per cent by Nysax of the US.

Foreign investors will be able to buy about 40 per cent of the new shares, with the rest going to Thais, according to stockbrokers in Bangkok. The company has appointed 80 local finance and securities companies to underwrite the issue in Thailand.

The flotation reflects the growth ambitions of governments and telecommunications operators in the Asia-Pacific region, where demand for lines and services is growing fast. Overseas operators and investors are expected to play a key role in providing expertise and capital to expand networks rapidly.

TelecomAsia has a franchise to set up 2m telephone lines in the Bangkok area. Another consortium, including the Japanese operator NTT, has a franchise to set up 1m lines in the provinces, sharing a proportion of the network revenue with TOT, the domestic telecom operator.

TA, whose main overseas underwriter is Salomon Brothers, begins a foreign "roadshow" in Hong Kong today to publicise the issue. The roadshow will then move to Europe and the US.

With about three lines for every 100 people, Thailand is far better placed than India, the Philippines or China, but far behind the economic leaders in the region. Hong Kong has 47 lines per 100, Taiwan and South Korea about 35.

Mr Andrew Harrington, Salomon Brother's Asia telecoms analyst, estimates that by 1997 Thailand will have about 4.5m lines - nine per 100 people - making it one of the region's fastest growing telecom markets. By then the regional average will be about four lines per 100.

The offer price will be set later and the shares offered to the public from November 22 to 26, with official trading starting in mid December. Stockbrokers expect a price of between 40 baht and 50 baht (\$1.88) a share.

TA will become one of the biggest companies by value on the Thai exchange, ranking alongside Bangkok Bank, Bangkok Land and Thai Airways International.

Continued on Page 16  
Background, Page 22



Air France strikers defy riot police as they attempt to block air traffic at Orly airport, Paris, on the third day of their increasingly violent protest against job cuts

## Report shows US productivity is ahead of Japan's

By Tony Jackson in London

THE AVERAGE Japanese industrial worker, research shows, is only 83 per cent as productive as the average American and only slightly ahead of the average German.

Manufacturing productivity in Japan, according to a study from McKinsey, the international management consultants, is world-leading only in certain industries. Japan maintains a clear lead in internationally traded goods such as cars, steel and consumer electronics.

But in brewing, US workers produce half again as many pints per head as the Japanese, and twice as many as the Germans. In food manufacturing, Japan's output per hour worked is only a third of America's.

Japan's poor record in food, the study says, is largely due to protectionism and the weakness of Japanese retailers. Japan has more than three times as many food processing establishments as the US. Whereas the top five food retailers in Germany account for 43 per cent of the market, and in the US for 21 per cent, the figure in Japan is only 5 per cent.

The key to improving productivity, McKinsey says, is global

competition. In a truly global industry such as computers, there is little difference between the US and Japan, although the US retains a slight edge.

In car manufacture, the US has been goaded into catching up with Japan by the challenge of Japanese car plants set up in the US in the 1980s. Germany still lags badly in cars because of past EC barriers against Japanese imports.

Similarly, German productivity in consumer electronics is only half that of Japan.

The study concludes that the best way to improve productivity is through foreign direct investment, rather than exports. Transplants introduce higher productivity standards into a country, demonstrate they can be achieved by local workers and put pressure on domestic producers to follow suit.

This also represents a big opportunity for global manufacturers, McKinsey says. Because there are such large variations in productivity between countries within the same industry, manufacturers can increase their profits by transferring their methods abroad.

Japan's image of efficiency dented, Page 2

## UK criticised for 'expensive' aid project

By David Dodwell, World Trade Editor

BRITAIN'S National Audit Office fiercely criticised the UK government yesterday for approving aid funding for a \$417m hydroelectric power plant in Malaysia that will cost Malaysians £100m more than less expensive alternatives.

Funding arrangements were also condemned for adding at least £56m to the cost to the British taxpayer over the 14-year life of the project.

The 16-page report traces how Mr Douglas Hurd, Britain's foreign secretary, gave the go-ahead to the project, led by Balfour Beatty, the construction group, owned by BICC of the UK, in July 1991. In doing so, he overrode more than two years of advice to the government that the project, on the Pergau river in peninsular Malaysia's eastern state of Kelantan, was uneconomical.

The report makes it clear that foreign policy factors dictated the decision to go ahead rather than any commercial logic.

Most significantly, the UK government was anxious to patch up

relations with Malaysia after almost a decade during which Dr Mahatir Mohamad, the country's prime minister, had followed a "Buy British last" policy in retaliation for rises in university fees for foreign students at British universities. Malaysia at the time had 14,000 students in higher education in the UK.

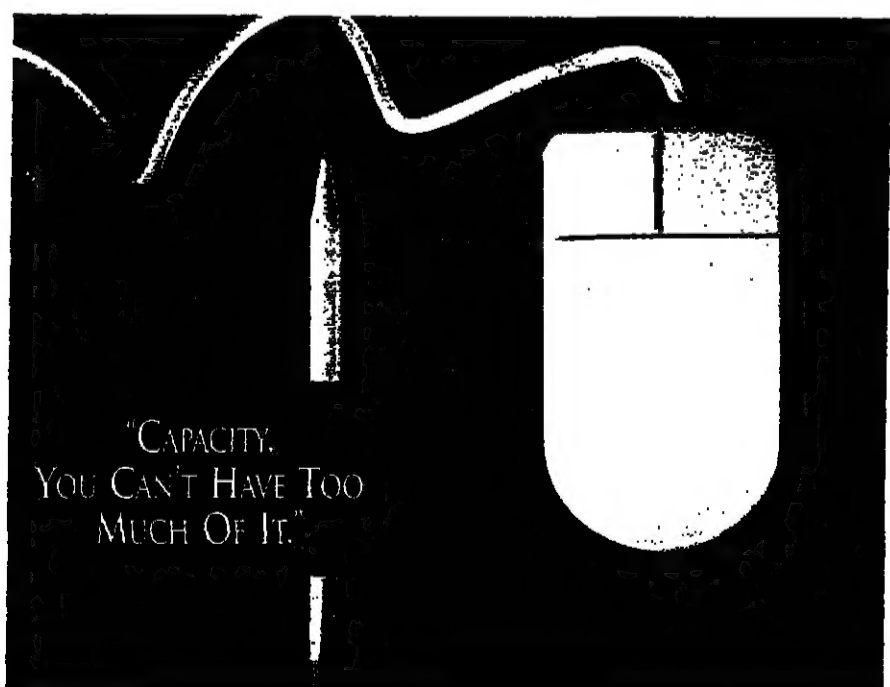
"It is not for the National Audit Office to question the merits of this policy decision," the report says, going on to note that if the government had opted for the most economical financing arrangements, taxpayers would have spent not £234m in aid support for the project over its 14 year life, but £195m.

"Even if costs were discounted to their present values the chosen method of implementation would cost the UK £56m more than it might otherwise have done."

The £234m cost was the largest cash sum ever provided by the British government for a single aid-funded scheme.

The report shows how, from as

Continued on Page 16



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## NEWS: EUROPE

# Delors attacks 'passive' attitude to work crisis

By David Gardner in Brussels

THE European Commission president, Mr Jacques Delors, yesterday attacked those in Europe unwilling to contemplate the sort of changes needed to get the Community out of its jobs crisis, comparing this "passive" unfavourably with the "active" nature of US society.

Mr Delors is not known as a great admirer of the US model of economic development, but used the comparison to underline that "the biggest scandal [in Europe] is that we have the lowest rate of participation of the labour force [in employment] with the highest rates of unemployment".

The European welfare model of society was essential to the survival of Europe, he said, but in achieving this, "our most dangerous adversaries are those who don't want to change anything".

Mr Delors was speaking at a three-day conference organised by the Commission on employment in Europe, which had earlier witnessed EC employers and trade union leaders cross swords on how to make labour markets more flexible.

Looking forward to the White Paper on competitiveness, growth and employment that the Commission is producing for the December summit of EC heads of government, Mr Delors drew attention to general ideas rather than concrete recommendations which are still being shaped by Brussels.

"First of all we have to reinsert the long term into our economic thinking," he declared. He called on EC leaders to retrieve the threads of economic and monetary union, arguing that "we are the victims of frequent competitive devaluations" by our main trading partners in the US and Japan.

The EC, he said, had to stop thinking purely in terms of shedding labour as the only way of restructuring industry. It had to think more of moving charges on employment to "the like social security on to the rare resource of the environment", and of ideas like shorter working hours in order to share out jobs.

Returning to a frequent theme of recent months, the Commission president said that how the EC dealt with the jobs crisis would show whether Europe "is opting for survival instead of decline".

More than 10,000 steelworkers blocked motorways yesterday to protest against the German government's plan to reduce social welfare payments drastically, writes Ariane Genillard from Bonn.

## Brussels plan for 20m jobs needs more than ideas

Flynn proposals may mark a turn in Europe's social agenda, writes David Goodhart

IT IS not often that EC commissioners receive spontaneous ovations from their peers at Commission meetings. But Mr Padraig Flynn, the EC's social affairs commissioner, received one last week after spelling out his ideas for creating jobs without dismantling labour protection.

These ideas will form the basis of the labour market section of Mr Jacques Delors' White Paper on growth, competitiveness and employment, to be published next month.

Most of the innovations - such as shifting employers' non-wage labour costs on to the state and paying for them with an EC energy tax - lie outside the Commission's competence.

So it is primarily an exercise in exhortation and setting targets. Reaching the target of 3 per cent EC unemployment by the year 2000, down from the current 10.4 per cent, will require the creation of 20m jobs and looks over-ambitious even if the Commission's proposals are widely adopted.

What lies behind the Commission's new thinking on job creation? The labour market reformers around Mr Flynn do not like to use the concept of deregulation - they see it as being tainted by association

with the easy hire-and-fire laws of Britain. But some of Mr Flynn's ideas, articulated in Brussels this week, are not so far away from the views of Britain's Conservatives.

Member states should encourage increases in hourly wages below the rate of productivity growth.

Member states should reduce the cost of less-skilled labour, especially in the labour-intensive service sector, by cutting taxes and social security contributions and making them more progressive.

Competition policy should be reviewed to remove distortions to employment. Officials also talk privately about shifting industrial subsidies from large companies - which now receive the lion's share - to small and medium-sized businesses.

To suspicious European trade unionists much of this will sound like using the language of the left - solidarity between the employed and the unemployed - to implement a policy usually associated with the right - restraining labour costs.

Mr Flynn's aides would argue that the coupling together of "solidarity and competitiveness" transcends



Production line: producing 20m more jobs in the EC by the year 2000 could prove a tall order

left and right. "There is a bit in the White Paper for everyone and there is quite a lot that we do not expect the unions to like. But the key point is how

to achieve equity and welfare gains in ways that do not price people out of jobs," said one official.

However, many questions

remain unanswered. For example, by what mechanism in a market economy can wage restraint or a reduction in working time by the securely

employed be effectively translated into new jobs for the unemployed?

Neither does Mr Flynn spell out his idea of "re-regulation".

as opposed to deregulation - to take account of the demise of the steady job for life. He has talked about adapting benefit systems in line with the fact that many new jobs are part-time. But beyond that he has offered only vague generalisations about how working time should be reorganised to respond to workers' new expectations and to fully exploit new capital equipment.

Critics concede that more employment intensive growth and a wider sharing of jobs and incomes are laudable goals. But action to reach these goals requires intervening in national labour market regulations, pay-setting systems and welfare regimes, which all have long histories and are not easily disturbed by national governments, let alone the European Commission.

British critics would point out that the EC's immediate legislative agenda in the social field - the working time directive and works council - has little to do with job creation.

By the year 2000 Mr Flynn will no longer be in Brussels and people will probably have forgotten his 5 per cent unemployment goal, but they might just remember his package of ideas as marking a new turn in Europe's social agenda.

## Report dents Japan's image for efficiency in manufacturing

By Tony Jackson

JAPAN'S efficiency in manufacturing, according to the international management consultants McKinsey, is not all that it is cracked up to be. In some sectors, such as cars and consumer electronics, the Japanese still rule the world. But in protected areas like food and beer, Japanese productivity is wretched: so much so, says McKinsey, that Japan's overall productivity is 17 per cent worse than America's, and only a shade better than Germany's.

McKinsey's results, based on a year-long study, measure value added per hour. The study looked at nine industry sectors, arriving at a weighted average of performance based on the number of workers employed in each. The findings on each sector show enormous variations.

Car assembly: In 1990, value added per hour worked in Japan was 18 per cent higher than in the US. German productivity was one third below US levels. The key factors gov-

erning productivity in the car industry, says McKinsey, are the organisation of labour and design for manufacturing, rather than worker skills or high-tech factories.

The US has drawn close to Japanese productivity levels in response to the challenge of Japanese transplants in the US. The study finds that US

McKinsey's results, based on a year-long study of nine industry sectors, reveal enormous variations.

carmakers are now on average as productive as Japanese makers, with the exception of Toyota, the Japanese industry leader. Germany lags behind Japan principally because it was protected from Japanese competition in the past.

Motor parts: Japanese productivity is 34 per cent higher than that of the US, while Germany was 24 per cent lower.

Japan's lead is attributed partly to the strength of its car manufacturers, partly to differences in industry structure. Whereas Japan has more parts producers in total, far fewer of them supply directly to the carmakers. This tiered structure reduces the level of operational complexity - and cost.

Metalworking: Japanese pro-

ductivity is 19 per cent ahead of that in both the US and Germany. During the 1980s, Japanese manufacture of machine tools and robot systems moved from craft methods to a modern industrial process. Japanese companies thus have longer production runs and economies of scale. German and US companies have been slow to make this transition.

though the US is catching up.

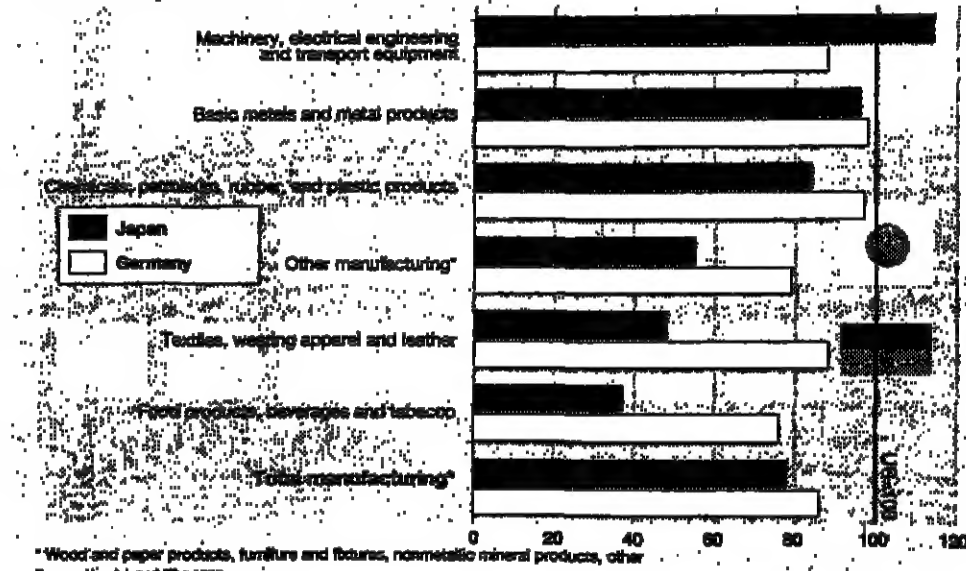
Steel: The US and Germany are equal in value added per hour worked. Japan is 45 per cent ahead. Only 6 per cent of Germany's production comes from new-style mini-mills, as against more labour-intensive integrated mills. The US has the same percentage of mini-mills as Japan. However, it has been held back by financial restructuring and the leanest US bankruptcy laws, which have allowed old-style integrated mills to carry on producing despite being uneconomic.

Computer hardware: Japan lags the US by 5 per cent. Germany by 11 per cent. Production is global, with US companies accounting for 17 per cent of Japanese production - the highest figure for any industry. The industry is characterised by global competition and hence convergence in productivity.

Consumer electronics: Japan is 15 per cent more productive than the US. Germany 28 per cent less so. Japan's good performance is chiefly due to intense domestic competition,

### Productivity: Japan and Germany compared to the US

Value added per hour worked 1990 index US=100



\*Wood and paper products, furniture and fixtures, nonmetallic mineral products, other

Source: VDA and IFA 1993

Germany's poor showing to trade barriers and protectionism. The US picture is misleading, since the only important product made in the US is television, of which only 8 per cent are made by indigenous US manufacturers.

Food manufacturing: Japan's output per hour worked is one third of that in the US and less than half that

in Germany. The Japanese industry employs roughly the same numbers as that in the US for one third of the output. Even the bigger Japanese companies do not face overseas competition, which is kept out by tariffs, quotas and the complexities of the distribution system.

Brewing: Japan produces 31 per cent less beer per worker

than the US. Germany 56 per cent less. In Germany, the industry is highly fragmented, with more than 1,000 breweries producing 12.5bn litres a year, compared to 67 US breweries producing 23.1bn litres. Japanese breweries are large enough to produce scale economies, but the government protects smaller brewers from competition.

## Clinton offers aid to Georgia

By Gillian Tett in Moscow

PRESIDENT Bill Clinton of the US yesterday threw his weight behind Mr Eduard Shevardnadze, the embattled Georgian leader, expressing his full support for the Georgian president and "territorial unity and sovereignty" of Georgia.

In a letter to Mr Shevardnadze, Mr Clinton offered to send more humanitarian aid and to act as a mediator in the bitter conflict between the Georgian government and Abkhaz separatists, who seized most of Abkhazia last month. Mr Clinton also invited Mr Shevardnadze to talks in Washington. The invitation provides a boost for Mr Shevardnadze, who has suffered losses both to Abkhaz separatists and to rebels loyal to the former leader, Mr Zviad Gamsakhurdia.

The situation in western Georgia, scene of the fighting between rebel forces and the government army remained confused. The government claimed to have seized the port of Poti but Mr Gamsakhurdia denied the report.

Reuter adds: Mr Gamsakhurdia said yesterday his rebels controlled most of western Georgia and that he did not intend to take the capital Tbilisi by force.

## Brussels pushes through regional aid share-out

By David Gardner in Brussels

THE European Commission yesterday pushed through the main part of its share-out to member states from the Ecu157bn (£121.8bn) regional aid budget for 1994-99, overriding last minute protests from Ireland and complaints from Italy.

Brussels also warned the UK again that it stood to lose "a significant amount" of its entitlement of aid from the 1989-93 budget, because of failure to observe obligatory requirements to match EC funds with equivalent sums from the national budget.

Yesterday's decision came

after overnight meetings between Mr Dick Spring, the Irish foreign minister, Commission president Jacques Delors, and Mr Bruce Millan, EC regional policy commissioner. Dublin accused Mr Delors of going back on his word to guarantee Ireland Ecu157bn (£121.8bn) from the new structural aid programme.

Nevertheless, the Commission yesterday allocated Ireland Ecu157bn - the lower end of the band discussed at marathon meetings of the EC council of ministers last July, when Ireland had threatened to veto the whole programme.

Mr Millan said yesterday: "I think we've got a very fair and

equitable distribution here." He pointed out that the Commission was obliged to share out the money on objective criteria. He said population, income per head, unemployment levels and size of rural workforce, Ireland, which under the last aid programme received twice as much per capita as the three other poorest EC member states, Spain, Portugal and Greece, was getting "extremely good figures", he insisted.

But he held out hope for higher allocations for Ireland, announcing there would be a mid-term review, which could reallocate funds from member states whose aid programmes

were performing badly, to those who were making best use of the EC finance. Ireland, he acknowledged, "is a very good performer".

Italy, one of the worst performers under the Ecu63bn programme for 1989-93, got a new allocation of Ecu1.45bn, or Ecu1.5bn less than it was expecting.

The funds allocated yesterday were for "Objective 1" or backward regions, which overall receive Ecu93bn of the structural aid budget. In 1992 prices, Spain got around Ecu38bn, Greece and Portugal more than Ecu15bn, Germany nearly Ecu14bn for its eastern Länder, and France and the

UK over Ecu2bn each.

The UK allocation for Objective 1 areas, for Northern Ireland, Merseyside and the Highlands and Islands of Scotland, came out at Ecu3.36bn for 1994-99, in 1994 prices, at the top end of expectations.

But Mr Millan said he was concerned Britain would not be able to take up its full entitlement under the current programme because of the continuing dispute over how the UK accounts for the money.

"That situation will have to be remedied very quickly," he said, otherwise the money will be lost by the end of the year. He also confirmed that the UK was in danger of losing "a

fairly large sum of money" it could seek from the European Social Fund for retraining the unemployed, because it had failed to claim in line with devalued pounds following sterling's departure from the European exchange rate mechanism last year.

Mr Millan would not put figures on the UK's unclaimed allocation but said "there is still a significant amount to be claimed before the end of the year". By contrast, much higher amounts unclaimed by Italy - because of a failure to come forward with plausible projects - had been reprogrammed into projects which were successful.

Mr Albert Reynolds, Irish prime minister, shouted: "I will not accept that I missed nobody."

After returning from the EC Edinburgh summit last December, when agreement was reached on expanding the structural fund and creating a

new cohesion fund, Mr Reynolds told parliament: "The agreement now reached ensures, and I say this with complete confidence, that Ireland will obtain in excess of Ecu8bn over seven years. This will comprise up to Ecu1bn from the new Cohesion fund and more than Ecu7bn from the structural funds."

Nonetheless, Mr Albert Reynolds acknowledged yesterday that Mr Delors' goal on structural fund share-out was opposed by Mr Bruce Millan, commissioner responsible for regional policy. "I knew all year he had problems (with the figure)... what Bruce Millan was saying for many months is what has happened in effect," he said.

## Ukraine to keep Chernobyl plant open

By Jill Bershay in Kiev

THE UKRAINIAN Parliament decided to continue nuclear energy production at the Chernobyl power plant yesterday, reversing its order to shut down the power station by the end of this year.

Chernobyl is the site of the world's worst nuclear disaster in 1986, which was responsible for 3,000 deaths and radioactive contamination in Ukraine, Russia and Belarus.

The decision to keep Chernobyl open is part of Ukraine's policy to develop domestic energy production and reduce reliance on its main energy supplier, Russia, with whom Ukraine has had difficult relations since the break-up of the Soviet Union. Cash-strapped Ukraine is plagued with energy shortages and has a \$2.5bn oil and gas debt to Russia.

Atomic energy currently accounts for 35 per cent of the nation's electricity consumption. Although public opinion is strongly against nuclear power, Ukraine's energy crisis has swayed the parliament into overturning the popular 1991 order to close Chernobyl.

However, many western and Ukrainian scientists have questioned the long-term safety of the Soviet-designed RBMK reactors, which are not used in the west. More than 115 nuclear safety violations have occurred at Ukraine's five power stations since the beginning of this year.

Only two of Chernobyl's four reactors are in operation. A third reactor was shut down two years ago after a fire. The fourth reactor, where the Chernobyl explosion took place, is encased in a cracking concrete shell. A replacement shell is to be constructed.

## Switzerland heads for big deficit

By Ian Rodger in Bern

SWITZERLAND'S public sector will run up a deficit of over 3 per cent of gross domestic product this year, the finance ministry forecast yesterday.

"We must recognise that Switzerland is in danger of losing its reputation as an island of stability in public finance," the ministry said in a statement supporting plans to cut spending and raise taxes. The federal deficit alone, originally forecast at Sfr3.5bn (\$2.4bn) this year, was expected to surpass Sfr5bn and rise to Sfr7.1bn next year.

Revenues have slumped and social security spending soared during the three-year-long recession, but roughly half of the deficit was attributable to structural factors and would not disappear with a recovery.

The government hoped to boost revenues with the introduction of a modest 6.5 per cent value added tax in 1995.

## Belgian unions refuse to talk

BELGIUM'S Socialist trade unions yesterday refused to negotiate with employers and the government on measures aimed at cutting labour costs, writes Andrew Hill in Brussels. They said an outline agreement proposed by Mr Jean-Luc Dehaene, the Christian Democrat prime minister, at the outset of crucial talks on Wednesday was "unbalanced".

Belgium's other large union bloc, the confederation of Christian unions, said it would continue to negotiate.

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مكتبة



# Germans split on economic way forward

## Monetary stability helps Bundesbank act

By Quentin Peel in Bonn

SHARP differences emerged yesterday between the German government and the opposition over ways of tackling the country's growing unemployment crisis, and fears over its weakening international competitiveness.

Chancellor Helmut Kohl issued an urgent appeal to both sides of industry to slow down the rise in wages, and take drastic action to improve labour flexibility.

In response, Mr Oskar Lafontaine, deputy leader and economic spokesman of the opposition Social Democratic Party (SPD), called for cross-party and cross-industry agreement on a national employment pact, with measures from the government to boost investment spending specifically to create new jobs.

He set out a 10-point programme, intended to be the basis of the SPD election campaign next year, setting unemployment and economic recovery in east Germany at the top of the election agenda.

The two statements of economic policy came in a parliamentary debate on the government's report on securing the country's future as an industrial location - the so-called Standort Deutschland.

Mr Kohl warned that Germany urgently needed to create up to 5m new competitive jobs.

He attacked not only labour market inflexibility, but the failure of German industry to invest enough in research and development, citing in particular the micro-electronics industry. German companies registered patents for just 181 micro-electronic inventions in 1992, compared with 289 in 1987, he said. In Japan, the number registered in the same two years rose from 17,408 to 23,022. He also criticised German red tape, and the slow progress in negotiations on privatisation in two key areas: the Deutsche Telekom, and the German railways.

He warned that the German small business sector was endangered by the growing trend towards academic education, and away from industry-oriented professional training.

By Christopher Parkes in Frankfurt

IF there was one central factor behind yesterday's surprise cut in the German discount rate to 5.75 per cent, it was last July's loosening of the shackles of the European exchange rate mechanism.

The widening of the fluctuation bands has reduced virtually to nil the need for intervention buying of troubled member currencies.

This means first that the Bundesbank's leading indicator, the M3 measure of money supply growth, will no longer be driven upwards by the backwash of currencies which has characteristically followed massive interventions in successive ERM crises. Second, it has promoted an unwelcome, though not excessive revaluation of the D-Mark. Since the band-widening at the end of July, and despite a half-point cut in the discount rate on September 10, the German currency has been effectively revalued by 2 per cent against its European exchange rate mechanism relations, according to Mr Hans Tietmeyer, the new central bank president. Against a basket of 20 other important currencies it is up 3.6 per cent, and 5.6 per cent against the US dollar.

This is not helpful to an export-based economy trying to escape the clutches of recession.

If, as Mr Tietmeyer said yesterday,

the horizon is looking brighter, the outlook is better at least in part because the view is no longer fogged by the uncertainties inherent in the management of the ERM. Applying the instruments of what he called the bank's "forward-looking policy", he detected improved prospects for greater monetary stability.

Provisional figures published earlier this week showed H3 growth continuing to move slowly down towards the 0.5 per cent top limit of the bank's target range. A surge in private sector credit growth, which helped keep the September growth rate at 7 per cent was "only temporary", according to Mr Tietmeyer.

Inflation was also clearly easing, he said. The latest headline figure was still "too high" at 4 per cent, but the consumer prices index had been rising at an annualised 2.4 per cent over the past six months.

Inflation in the construction sector, which is belatedly feeling the effects of recession, had also slowed significantly.

The trick now is for all to continue to play their part in providing the conditions in which the economy can start moving again.

The Bundesbank, as always, hopes for moderation from the coming pay round and determination from the government on budget consolidation.

# Frankfurt's move gives ERM breathing space

By Peter John in London

THE decision by the Bundesbank to cut key lending rates defused tensions within the European exchange rate mechanism as investors anticipated lower interest rates throughout continental Europe.

The news sparked rises in the French franc and Danish krone against the D-Mark. Shortly afterwards Switzerland and Belgium also cut key rates.

The French franc rose two centimes to FFfr5.120 to the D-Mark from FFfr5.030 at the

close of European dealing on Wednesday.

Many economists believe the French government will take advantage of its currency's strength and cut rates over the next few days.

In spite of its rate cut yesterday, Belgium was considered by many investors to be suffering problems that need far more than a small easing in borrowing conditions. An initial lift for the Belgian franc from the German rate cut was offset by news that some unions had pulled out of negotiations on the country's social

French and Belgian currencies. "The best you can say about the Bundesbank cut is that it provides a breathing space but the scale of reductions needed in Belgium and France are much greater than a German reduction allows."

Denmark, languishing at the bottom of the European Monetary System and maintaining high rates while inflation is only about 1 per cent, was expected to cut its official 14-day rate to 8 per cent from 8.5 per cent.

Sweden's central bank cut its key interest rate yesterday in a further attempt to pull the country's economy out of its worst recession since 1945, writes Christopher Brown-Humes in Stockholm. The reduction from 8 per cent to 7.75 per cent is the latest in a series of cuts which has brought the bank's marginal rate down from 12.5 per cent last November before the Swedish krona was floated. The cut was made before the Bundesbank decided to lower German interest rates.

It fell back to just below BFfr21.80. But, later in the day, the Belgian National Bank cut its key interest rate by 0.4 per cent from 9.65 per cent and its discount rate by half a point to 6 per cent. The currency recovered to close at BFfr21.57 to the D-Mark, up from BFfr21.86 previously.

Mr Neil MacKinnon, currency analyst with Citibank, was sceptical of the effect the cut would have on both the

DKr4.0592. Meanwhile, the Swiss National Bank cut its discount rate to 4.25 per cent from 4.50 per cent.

The main beneficiary in currency markets was the US dollar which will offer a relatively stronger return as the difference between US and German short-term rates narrows. Short-term speculators sold D-Marks to buy the dollar, pushing it up by nearly two pence to DM1.6635, against DM1.6450 previously. The pound surged two pence to DM2.4735, from DM2.45 previously.

# France ready to seize chance of interest rate cut

By John Riddling in Paris

THE Bank of France will seize the opportunity to cut interest rates following yesterday's move by the Bundesbank, according to economists and currency analysts in Paris.

The intervention rate, which sets the floor for money market interest rates, is expected to be cut today or early next week by between a quarter and a half of a percentage point from its present level of 6.75 per cent.

The intervention rate has remained unchanged since the summer's European currency crisis despite pressure on the government of Mr Edouard Balladur to reduce borrowing costs to stimulate France's recession-hit economy.

"They are sure to move now," said Mr Christopher Potts, economist at Banque Indosuez in Paris. He said that the only question was the size of the cut in the intervention rate. The cautious approach of the French monetary authorities

ties to interest rate cuts and the recent weakness of the French franc against the D-Mark, however, suggest an initial cut of a quarter of a percentage point rather than a larger reduction.

The Paris stock market responded enthusiastically to the Bundesbank rate cut. The CAC-40 index rose by almost 2 per cent to 2,188.

The prospects for reduced interest rates were also enhanced yesterday by statistics from the Bank of France which showed the net deficit in foreign exchange reserves had narrowed from FFfr65.3bn (27.8bn) to FFfr55.8bn in the week to October 14.

The need for the central bank to rebuild its foreign exchange reserves, which were exhausted in the unsuccessful defence of the franc's ERM parity with the D-Mark, has been one of the principal reasons behind the financial authorities' commitment to a stable franc and the cautious approach to interest rate cuts.

# Nato expects to expand 'sooner rather than later'

By David White in Travemünde, Germany

NATO recognises that it is on the way towards enlargement to include former members of the Warsaw Pact, Mr Les Aspin, US defence secretary, said yesterday.

"We know that there's going to be an expanding membership," he said. He went further in his prediction than did Mr Malcolm Rifkind, UK defence secretary, who earlier described enlargement as an "option".

Mr Aspin was speaking after presenting proposals at the Nato defence ministers' meeting in Travemünde for a series of limited defence agreements between Nato and individual eastern European countries.

This "partnership for peace" proposal, which received unanimous support at the meeting, is open to all former Warsaw Pact countries as well as neutral European states.

Mr Aspin would not say how many of these countries could be accommodated later as members, or when they might join. But most Nato ministers at the meeting thought

The US yesterday took to eastern Europe its proposals for a "partnership for peace", seeking to deflect pressure from former Soviet satellites for security guarantees and accession to Nato, writes Nicholas Denton from Budapest.

Mr Warren Christopher, US secretary of state, was in Budapest yesterday but said that Nato's plans for expansion were on an "evolutionary basis" rather than firm promises.

enlargement would come "sooner rather than later", he said.

The proposed agreements would enable Nato to call on additional military resources for operations such as peace-keeping, Mr Aspin said. They would also provide "military groundwork" that would be valuable when those countries joined the alliance.

Mr Manfred Wörner, Nato secretary-general, said the proposed agreements could be seen as advancing countries "on the way towards membership". But admission would not be automatic.

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October 1993



## Five on trial in Singapore secrets case

By Our Foreign Staff

THE EDITOR of Singapore's leading financial newspaper, one of his journalists and three prominent economists went on trial yesterday, charged under the Official Secrets Act with illegally disclosing Singapore's economic growth figure.

The case is seen as an indicator of the present level of press freedom in Singapore. In a rare appearance in a district court, Attorney-General Chan Sek Keong charged Business Times (BT) editor Patrick Daniel with breaching the act by receiving the data and "communicating" the information to readers.

Mr Chan said a top government economist illegally revealed a preliminary projection of a quarterly economic growth figure, known as a "flash estimate," to a private economist who then passed it on to a BT journalist. Part of the reason he was personally prosecuting the case was to maintain and establish "an important principle."

"It is that persons who have been entrusted with classified information of whatever nature in their official duties must keep them secret."

Mr Tharman Shanmugaratnam, director of the economic department of the Monetary Authority of Singapore, the *de facto* central bank, is accused of communicating the figure to Mr Manu Bhaskaran, an economist at the regional brokerage Crosby Securities. The other defendants are Mr Daniel, BT journalist Mr Kenneth James, and another Crosby economist.

Mr Raymond Foo. The five pleaded not guilty.

The charges stem from an investigation by Singapore's Internal Security Department (ISD) into a June 29 BT article which accurately forecast second-quarter economic growth of 4.6 per cent. An official announcement was made only in August.

Mr Bhaskaran and Mr Foo are charged with three counts of possessing and communicating the data. Mr Daniel and Mr James, a Malaysian, face two charges each of possessing, disseminating and publishing the data on June 29. A conviction for each charge carries a maximum penalty of two years in jail and a \$82,000 (\$36) fine.

Singapore has other controls on the press. An act gives the government control over the board of directors of any locally-published newspaper and lets it revoke a paper's licence to operate. The government has curbed circulation of several foreign publications involved in disputes with it.

Invoking the Official Secrets Act has reinforced a widespread belief that, in spite of Prime Minister Goh Chok Tong's protestations that he is trying to create a kinder Singapore, anything which smacks of insubordination is liable to be pounced on.

Mr Lee Kuan Yew, former premier, has suggested reporters would not have had the temerity to publish government figures ahead of schedule when he was prime minister. He said journalists were testing Mr Goh.

## Russia bows to Japan pressure on dumping

By Gillian Tett in Moscow and William Dawkins in Tokyo

THE RUSSIAN government yesterday bowed to Japanese pressure and said it had abandoned its plans to release more nuclear waste into the seas around Japan.

However, it warned that unless Russia received international help to build a \$100bn factory to process the waste within the next 18 months, it would be forced to start dumping again.

Japan yesterday welcomed the decision and said it would press for a world ban on ocean dumping of low-level material. Russia's decision came in response to a late-night telephone call by Mr Tsutomu Hata, the Japanese foreign minister, to Mr Andrei Kozyrev, his Russian counterpart.

Mr Hata demanded that Russia cancel plans to dump a second load of waste, after the first load of 900 cu metres of liquid radioactive waste was

dumped on Sunday, or risk souring recently improved relations.

"The Russian government has... made a political decision on the immediate halting of that dumping and the government of Japan values this point," said Mr Masayoshi Takemura, chief cabinet secretary.

**International outrage over the issue has been exaggerated, says Moscow**

The dumping of coolant and cleansing water from decommissioned nuclear submarines sparked an outcry among environmentally sensitive Japanese.

It also threatened to increase popular distrust of Russia, coming less than a week after Russian president Boris Yeltsin's visit to Tokyo.

Japanese officials in Tokyo said that Japan was considering calling for an complete international ban on nuclear waste-dumping at sea.

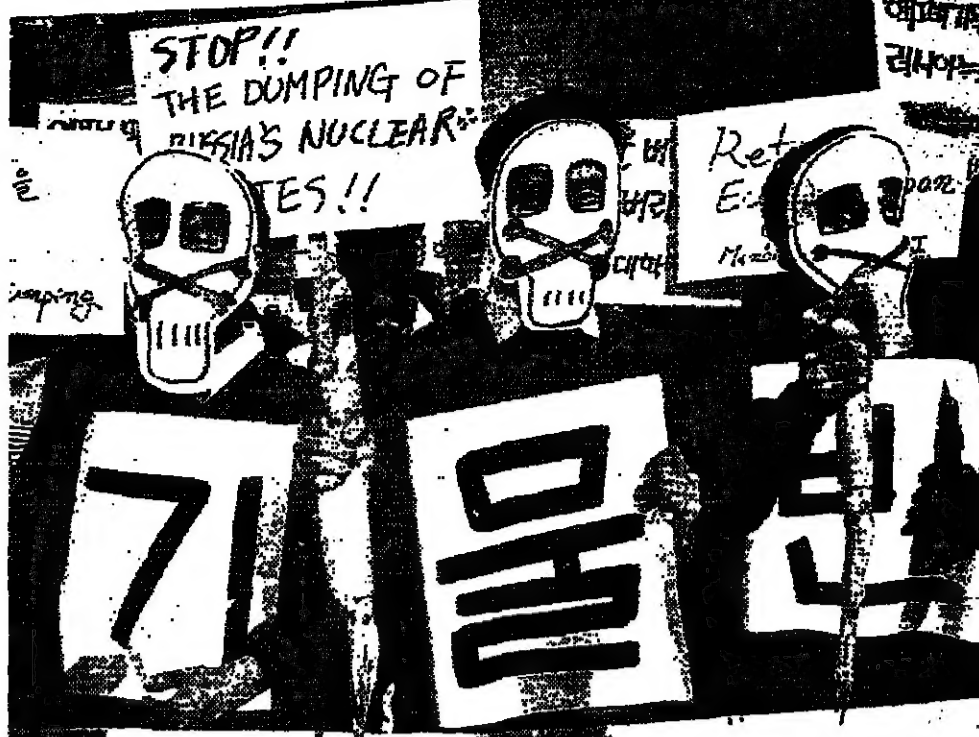
Japan has said it will consider releasing some of the \$100m (£36.2m) it has offered to help Russia disarm its nuclear weapons.

Russia has repeatedly warned that its economic crisis has left it with little alternative to dumping waste at sea to dispose of its huge stocks of radioactive waste.

But in a defiant note, Mr Viktor Danilov-Daniyan, Russian environment minister, yesterday insisted that the international outrage over the dumping had been exaggerated.

"It's a question of priorities. We can't dispose of waste in a region with millions of people," he said, admitting that he had been taken aback by the strength of protests from Japan, America and South Korea.

He added: "I have to deal



Environment students protesting at Russia's dumping of nuclear waste gather in Seoul yesterday. They claim that marine life has been caught in the nuclear-contaminated waters. Associated Press

with worse ecological problems (in Russia)."

A team of Russian experts is due to travel to Japan to discuss collaboration over the issue, which is expected to include specific Japanese aid to build the processing factory.

Russian officials added.

Japan has dispatched a research vessel to measure radiation off the northern coast, and plans to call for a complete ban on dumping of low-level waste at a future meeting of the London conven-

tion on nuclear waste disposal at sea.

The convention bans dumping of high-level waste and contains a voluntary resolution, signed by neither Japan nor Russia, against the dumping of low-level waste.

## Two arrested as construction scandal widens

By William Dawkins in Tokyo

JAPAN'S construction industry scandal widened yesterday when prosecutors arrested two branch executives of Kajima, one of the country's top contractors, on suspicions of bribery.

This means prosecutors have arrested executives from all of Japan's top six contractors, suspected of paying bribes to get local government building contracts. Kajima is Japan's second largest construction group in sales, but is the most politi-

cally influential, thanks to the many former government officials it employs.

Mr Akira Miyazaki, Kajima's president, yesterday said he believed the pair had made illegal political donations, but head office was not involved. Prosecutors also raided the home of a Kajima vice-president to gather evidence.

The latest arrests add fresh weight to US allegations that the Japanese construction market is rigged against foreign competition. They come in the final weeks before the US-im-

posed November 1 deadline after which Washington has threatened to apply trade sanctions against Japan unless the construction market is made more open.

Washington's main complaint is against the designated bidding system, whereby a local government chooses companies suitable to tender for a contract. Companies not designated have no right to bid.

This is blamed as a factor in the kind of corruption of which Kajima is suspected. Legal and illicit construction industry donations are a tradi-

tionally large source of political campaign funds.

The two Kajima branch managers arrested, Kazumi Suzuki and Ichiro Takagi, are suspected of handing ¥10m to the former mayor of the northern town of Sendai, Mr Toru Ishii, last year. Mr Ishii has already been charged with receiving bribes from four other contractors, Shimizu, the industry leader, Hazama, Nishimatsu Construction and Misui Construction. A senior executive of Taisei, another construction group, has also been held.

"This just shows how endemic the construction industry problem has become," said Mr Graeme McDonald, analyst at James Capel Pacific.

As in previous arrests, the Kajima inquiry is based on evidence gathered from the papers of Mr Shin Kame-maru, former political godfather of the Liberal Democratic Party.

His arrest in March on charges of tax evasion on donations from the construction industry contributed to the LDP's election defeat after 34 years in power. Japan construction talks, Page 6

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## Bhutto starts to build her cost-cutting cabinet

By Farhan Bokhari in Islamabad

MR V.A. JAFFERY, a former governor of Pakistan's central bank with a reputation for financial discipline in government spending, was among six ministers and advisers yesterday appointed to the cabinet of Ms Benazir Bhutto, Pakistan's prime minister.

Although there is speculation that Ms Bhutto would keep the finance and commerce portfolios herself, Mr Jaffery's appointment as an adviser was seen as an encouraging signal that serious measures would be taken to reverse a large budgetary deficit.

Mr Jaffery said the government would take steps to cut spending on expensive programmes begun under the gov-

ernment of Mr Nawaz Sharif, the former prime minister. Those include projects for building motorways, and schemes for importing a large number of tax cabs, which were backed by huge loans from government-owned banks.

Pakistan's last fiscal year closed in June with a record high budgetary deficit of 7 per cent of gross domestic product, substantially larger than the IMF, the World Bank and bilateral aid donors.

Mr Jaffery said the new government would try to bring the deficit down to 5.4 per cent of GDP by the end of the current fiscal year. He also said most wide-ranging economic reforms begun by Mr Moenem Qureshi, the interim prime minister, would remain in force.

Mr Naseerullah Babar, a retired general and member of Ms Bhutto's Pakistan People's Party (PPP), was sworn in as interior minister.

She allocated portfolios to three members of other parties in her coalition government, giving parliamentary affairs to Sher Afghan Niazi, an independent elected with PPP support in the October 6 general election.

Mr Mohammad Asghar, a retired brigadier and senior member of her main allied party - a splinter group of ex-premier Nawaz Sharif's Pakistan Muslim League - became minister of industries and production.

Mr Mohammad Afzal Khan, of a small party from the North West Frontier Province, was also sworn in. His portfolio was to be announced later.

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# Troops overthrow Burundi president

By Leslie Crawford in Nairobi

**TUTSI** PARATROOPS yesterday overthrew President Melchior Ndadaye of Burundi, ending a short-lived experiment in democracy which had given the majority Hutu tribe a rare taste of political freedom.

State radio in neighbouring Rwanda reported last night that Mr Ndadaye and three senior government officials had been executed. But there was no immediate confirmation of this.

Diplomats in Nairobi said they feared a bloodbath in the central African state, scarred

by tribal massacres since independence from Belgium in 1962.

Mr Ndadaye, a Hutu, took office in July after winning Burundi's first multi-party elections.

His victory appeared to mark the end of 31 years of Tutsi domination, although the new president was careful to include members of the minority tribe in his government. The army remained under Tutsi control.

Speaking from a hideout, Mr Jean-Marie Ngedahayo, the deposed government's spokesman, told Radio Rwanda the

president had been lured into a trap by the coup plotters. Paratroops from the 2nd Parachute Battalion surrounded the presidential palace at midnight, he said. There was a brief exchange of gunfire, but soldiers loyal to the government were quickly overwhelmed.

The paratroops had fanned out across the capital in search of congressmen and government ministers.

"All the other leaders of the new Burundi have gone into hiding. Our telephones have been cut. We are currently using makeshift gadgets and do not know how long we will

stay in contact with the outside world and friends," Mr Ngedahayo said.

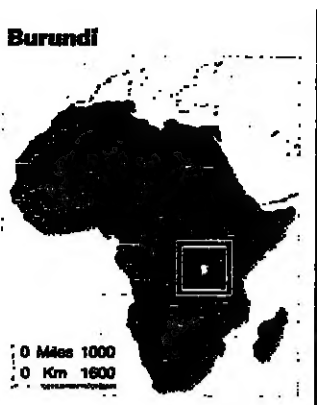
Burundi's state radio was silent. International phone lines were dead and the city centre deserted. A few demonstrations in favour of Mr Ndadaye outside the town centre had been suppressed by soldiers, Mr Ngedahayo said.

The European Community strongly condemned the coup and pledged support for Mr Ndadaye. In Nairobi, Mr Joseph Bangurambona, Burundian ambassador, called on the international community to intervene militarily and

restore democracy. "This is a coup against democracy. There will be bloodshed if the military consolidate power. The west can't allow this."

The Tutsi, feudal overlords before colonial days, took control of the government and army after independence, although they made up less than 15 per cent of Burundi's 5.6m people. The Hutu became victims of periodic massacres. In 1972, an estimated 100,000 people, mainly Hutu, were killed. In August 1988 Hutu farmers staged an uprising in which 5,000 people died.

Mr Ndadaye survived the



anti-Hutu slaughters in 1972 by fleeing to Rwanda. He returned in 1993 when ex-President Jean Baptiste Bagaza, said to be one of the coup leaders, was still in power.

# Commonwealth focuses on Gatt and rights

By Michael Holman in Limassol

**COMMONWEALTH** leaders yesterday opened their five-day summit stressing the urgent need for a new international trade agreement and reaffirming their commitment to human rights.

Mr Paul Keating, the Australian prime minister, used his first appearance at the forum to make an angry attack, clearly aimed at France, on countries holding up progress in the Gatt talks, while also leaving no doubt that his country's move to republican status would not undermine its Commonwealth ties.

In a speech designed to refocus the 50-member association in the wake of apartheid's demise, Chief Emeka Anyaoku, the body's secretary general, made trade reform a priority, linking the outcome of the Uruguay Round to efforts to promote democracy within the Commonwealth and elsewhere.

"Like armies, democracies too march on their stomachs," he said.

The successful conclusion of the Uruguay Round promises an annual addition to global income of \$213bn (£143bn) by the year 2002, Chief Anyaoku told the heads of government.

"Yet that crucial step now looks uncertain, threatening not merely the loss of the huge potential gains but a spiralling descent into protectionism and isolationism."

Mr Keating's contribution was the first stage in the launching of a co-ordinated effort by Australia and Britain to enlist support for trade reform from an association whose membership spans parts of Francophone Africa, the Cairns group and many of the world's poorest countries.

Mr Keating took the offensive in the opening session which took place in the Nicosia conference centre.

"Time is very short for us to prevent the Round's collapse," he warned, and in a comment clearly directed at France went on: "Some 'rich countries' still

seem to believe that they can avoid making difficult concessions but still reap the advantages of the Round."

"I think they are completely wrong - and are likely to wear the opprobrium and contumely of the whole world," he said.

Mr John Major, the British prime minister, was due to make the issue the centre of his contribution later in the day, when the conference goes into closed door session in the main conference venue of Limassol.

Mr Major is expected to echo Mr Keating's call on Commonwealth leaders to "make every effort to examine what the Commonwealth can do to help bring an outcome from the Multilateral trade negotiations that will benefit each of us and the world at large."

Before turning to trade, Chief Anyaoku made what amounted to a frank acknowledgement that during the Commonwealth's successful campaign against apartheid "it always remained vulnerable to the charge of hypocrisy."

"While it advocated democratic freedoms globally, it condoned their absence among its own membership."

"The dilemma became harder to resolve," he went on, "as the erosion of political freedom in some of our Commonwealth countries became more evident."

The nettle had been grasped at the Harare summit in 1991, Chief Anyaoku said, and the Commonwealth was being restored to its true vocation: democracy, the rule of law, just and honest government.

Cyprus's own problem dominated the opening ceremony. A choir performed against the backdrop of a film depicting the invasion in 1974 by Turkish troops which has left the island divided.

A picture of Adolf Hitler at one point appeared briefly on the screen.

Before the conference began, thousands of women lined the route between Limassol and Nicosia, calling for renewed efforts to reunify the island.

# Israel agrees to phased release of Palestinians

By Julian Ozzanne in Jerusalem

**ISRAEL** and the Palestine Liberation Organisation confirmed last night that there would be a phased release of Palestinians held in Israeli jails, but gave no indication of how many people would be involved.

The announcement came after peace negotiators had clashed angrily over the issue and on Israeli security proposals for the interim five-year period of Palestinian self-rule.

At one point, the Palestinian

delegation, led by Mr Nabil Shaath, walked out of talks in the Egyptian Red Sea resort of Taba, saying they had hit a crisis over the prisoners issue, but it later returned.

"The release of prisoners will be implemented gradually and continually," Palestinian delegate Jaber Fada said last night, reading a joint statement to reporters.

"As a first step, it was decided that prisoners belonging to the following categories (should be released) by the beginning of next week," he added.

Those listed included the sick, those under 18, those over 50, and women.

A leading supporter of Mr Yasser Arafat, PLO chairman, was assassinated in Gaza City yesterday, bringing the number of political killings to three since the outline peace accord was signed.

The killing of Mr Asaad Sefawi, a moderate, has fuelled fears of mounting assassinations and political conflict as various Palestinian factions compete.

At the Taba talks, the Palestinians

have been seeking immediate and unconditional release of up to 14,000 prisoners and want speedy gestures of goodwill by Israel to show to Palestinian opponents of the peace agreement.

The talks have also hit a snag on security. Israel has presented a comprehensive security plan to the Palestinians calling for an Israeli military presence of about 4,000 troops in the Gaza Strip after the Israelis are supposed to have completed military withdrawal by April 13.

The Israelis are insisting on provid-

ing security for up to 5,000 Jewish settlers in the Gaza Strip to give them freedom of movement and protect them against external threats. They also insist Israeli police will have the right to chase Palestinian assailants into the Palestinian-controlled areas and establish buffer security zones.

Members of the Palestinian delegation were outraged by the Israeli security plans. The Palestinians have proposed a complete Israeli withdrawal, with only small numbers of Israeli troops to protect the settlers.

# Workers block runways in Tel Aviv jobs row

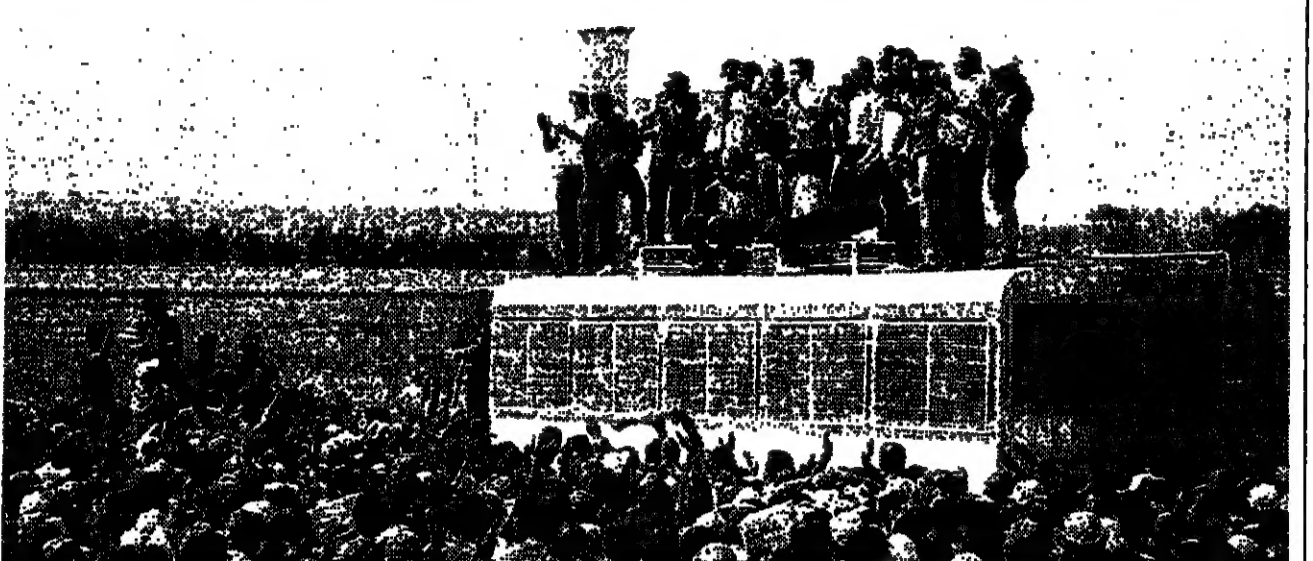
**THOUSANDS** of angry workers from Israeli Aircraft Industries, Israel's largest employer, blocked runways and disrupted flights at Tel Aviv international airport yesterday, in protest at government plans to lay off workers at the loss-making state-owned defence company, writes Julian Ozzanne.

Police said 5,000-6,000 workers shut the airport for three hours, stopping 13 outgoing flights and forcing three incoming aircraft to be diverted. The action was part of a campaign against plans to

restructure IAI, which employs 17,380 people.

The company makes military and civilian aircraft, radar systems, and medical and law-enforcement equipment, and is involved in the troubled Arrow anti-tactical ballistic missile project. It had a turnover of \$1.57bn (£1.03bn) last year, mostly from exports, but posted a loss of \$60m.

A revised government recovery plan calls for a 4,000 cut in the workforce, and a 15 per cent cut in wages. Prime minister Yitzhak Rabin has warned workers that if the



Israeli Aircraft Industries workers blockaded the runway at Ben-Gurion international airport, closing it for three hours

recovery plan is not carried out, IAI will collapse.

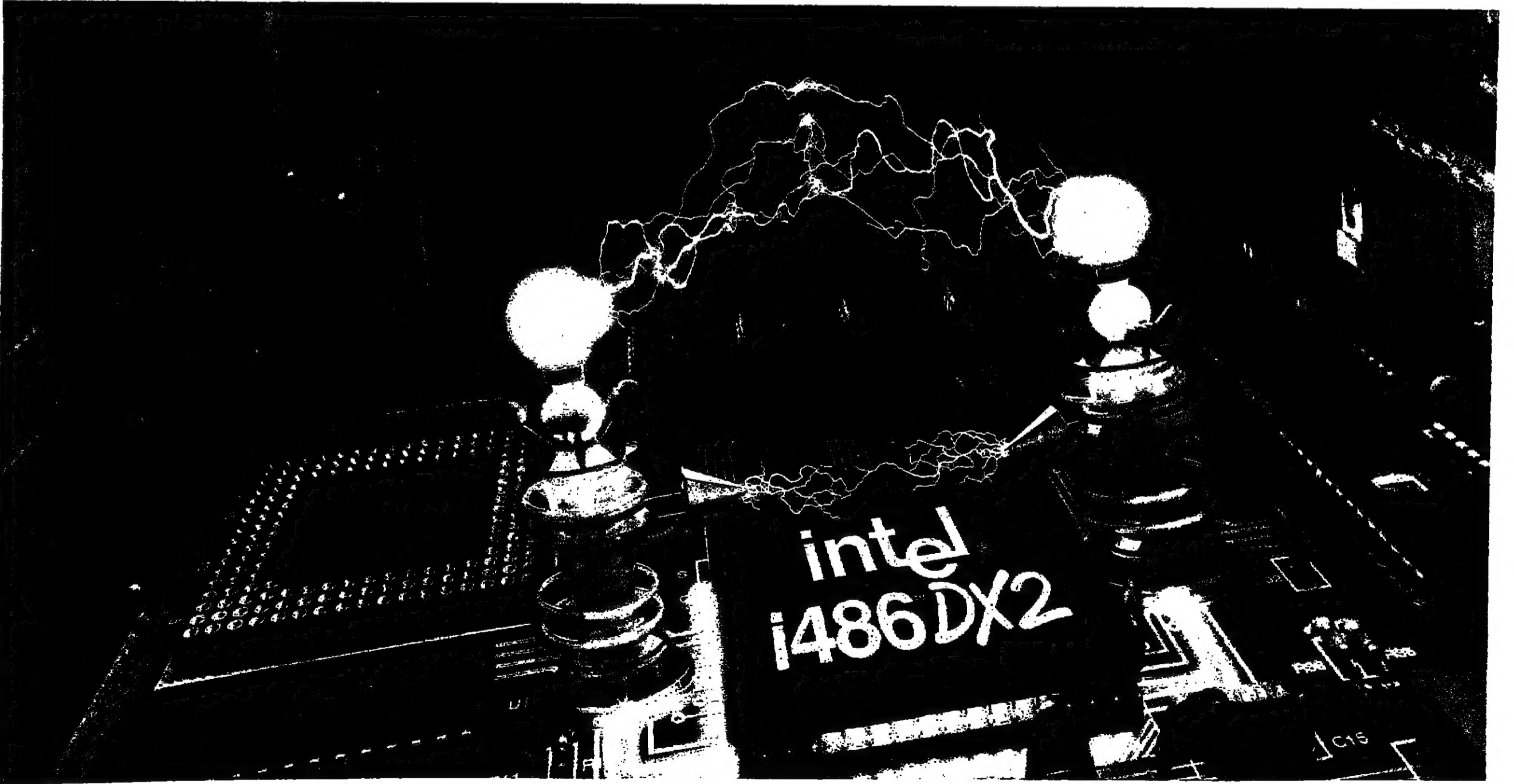
The government, he said, was ready to invest in and subsidise IAI but only when it got back to work and intro-

duced measures to boost efficiency and implement a recovery plan. The finance ministry says the government has already injected \$h750m (£172m) into IAI but the com-

pany has not responded by dismissing workers, cutting wages and increasing sales.

The company says it only received a \$100m state guarantee and \$22.5m of government

participation in retirement packages. Government officials have warned that continuing disruption of IAI could force the company into receivership.



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## NEWS: WORLD TRADE

White House steps up treaty campaign with aid for affected communities

## US ready to back Nafta bank

By Nancy Dunne  
in Washington

THE Clinton administration may today announce support for a North American Development Bank, which would fund projects in communities hit by job losses resulting from the North American Free Trade Agreement.

The so-called NADBank has been strongly supported by Congressman Esteban Torres, who has insisted on some sort of lending institution to support adjustment throughout the continent. Agreement by the administration is expected to bring Mr Torres and at least

7 other Hispanic congressmen into the pro-Nafta fold.

The administration believes it can garner 200-210 pro-Nafta votes, out of the 218 needed. It is assuming that every undecided congressman only wants a reason - favourable constituent mail - to vote for the pact, and it is pushing feverishly to turn anti-Nafta public opinion around.

The White House "war room" believes the vote currently breaks down into 110 Republicans in favour, 65-75 Democrats in favour, and 20-30 leaning towards it. Under this hopeful scenario, the White House will use the last few

Nafta has hindered progress on the Uruguay Round of trade talks, divided Asia, and involves "sneak protectionism", according to a senior Japanese civil servant, Damian Fraser writes from Cancun.

Mr Yasuo Tanabe, deputy planning minister in state government, said it raised import barriers to third countries, raising "serious doubts" about its consistency with Gatt.

days before the November 17 House vote to cajole, bargain and twist arms to get the remaining 8 votes.

However the anti-Nafta

forces expect a different outcome. They count 190-200 Democrats against, 10-15 Democrats leaning against, and 5-10 Republicans opposed.

The pro-Nafta campaign this week began moving into high gear. State by state, undecided congressmen are being lured to the White House for intimate briefings, as are business leaders and journalists.

Members of the cabinet are being sent to congressional districts, where they visit and publicise factories that are expected to gain jobs if Nafta passes.

President Bill Clinton on Wednesday gave his second

impassioned speech on Nafta at an exhibit on the White House lawn of products likely to benefit from Nafta. He envisioned a continent-wide free trade "when we'll have over 700m people in this trading bloc, united in believing that we can help one another grow and flourish," he said.

The Nafta opposition has been just as busy. Across town, the AFL-CIO trade union grouping on Wednesday had its own products exhibit, but those were likely to be hurt by Nafta. The speakers were workers who had lost their jobs when their employers moved to Mexico.

## BAe chief fails to agree date for Taiwan jet talks

By Daniel Green in Taipei

MR JOHN CAHILL, chairman of British Aerospace, failed yesterday to agree on a date to restart stalled talks on a joint venture to build regional jet aircraft in Taiwan. Another effort will be made this morning just hours ahead of his scheduled departure.

Meetings with government ministers and Mr Earle Hou, chairman of Taiwan Aerospace Corporation (TAC), BAe's joint venture partner, appeared to have left a decision over the deal as far away as ever. Failure would be a blow to Mr Cahill's plans to improve BAe's performance. The regional jet business loses money and the company has not made a full-year pre-tax profit since 1990.

Taiwan's government also wants the deal to go ahead as part of a policy to bring the island engineering industries into the civil aviation sector.

The proposals to build BAe's RJ range of regional jets in Taiwan in return for a cash injection of at least



Cahill: will try again

£120m has hit opposition from Taiwanese politicians, bankers and industrialists who argue that it is uncommercial and too ambitious.

Mr Needham yesterday reiterated the UK government's support for the deal but said the decision should be taken by BAe and TAC.

## US and EC blame each other over tariff cuts

By Frances Williams in Geneva

TRADE negotiators in Geneva said yesterday talks on tariff reduction between the leading trading nations were making little progress, with the US and the EC blaming each other - and to a lesser extent Japan - for the deadlock.

Mr John Schmidt, chief US negotiator in the Uruguay Round of global trade talks, described the state of the negotiations between the Quad nations - the US, EC, Japan and Canada - as "stagnant". Noting that the latest EC tariff offer was still below the average level achieved by the other Quad partners, he said its meagre market access proposals for farm goods threatened to block an overall tariff package by the agreed date of November 15.

EC officials counter-attacked yesterday, arguing that US tariff proposals fell far short of reduction commitments made by the Quad countries in Tokyo last July. Brussels says it is prepared to

improve on its offer tabled this week, which amounts to an average one-third cut in tariffs, but cannot do so politically without further US concessions.

These are unlikely to be forthcoming soon, EC officials added, because senior Washington officials are giving priority to getting the North American Free Trade Agreement through Congress.

Comparative figures produced by Brussels yesterday show that the EC already has fewer industrial tariff peaks (duties of 15 per cent or more) than its Quad partners, at lower rates and covering a smaller volume of trade. On the peaks themselves, weighted by the amount of trade, the EC is offering a 37 per cent average cut against 36 per cent for Canada, 26 per cent for Japan and just 7.3 per cent for the US.

These figures exclude chemicals which are covered by a harmonisation proposal and would make the US offer look better, and fish, on which the EC has so far made no offer, which would make the EC proposal look worse.

## Computer makers seek window of opportunity

Apple and IBM are among US companies targeting Japanese schools, writes Michio Nakamoto

WHILE US trade negotiators in Tokyo this week try to convince Japan to buy more high-tech goods from foreign companies, they will also be keeping a keen eye on the fortunes of one key US industry which will be affected by public purchasing decisions.

US computer companies are gearing up to sell their wares to Japanese schools, which are expected to buy hundreds of thousands of PCs over the next few years as part of a government-sponsored programme to raise the level of computer education in the country.

The US government will not doubt be watching their progress carefully. Mr Mickey Kantor, US trade representative, noted on Wednesday that US computer makers had been "locked out" of the Japanese public procurement market for computers.

And the education market is one conspicuous public procurement sector in Japan where US PC makers have had little success.

When Mr Ron Brown, commerce secretary, came to Japan in late April, he made a point of visiting Apple's offices in Tokyo and indicating that he wanted to see US companies sell more PCs to Japanese schools. High-technology products such as PCs are priority items on the list of goods the US is keen to sell to Japan.

The expected PC-buying binge in the months ahead provides US computer companies such as Apple and IBM, with a big opportunity to penetrate the Japanese schools market. It stems from a decision by the Japanese government to boost purchases of PCs for schools as a key part of its economic stimulus package announced in the spring.

If schools take up the government's offer as they are expected to, Japan's educational market for PCs is likely to double in 1994, says Mr Hector Saldana director of strategic sales at Apple Japan.

The aim of both IBM and Apple is to double their share of the market over the next few years.

But in common with all market sectors on that list, the Japanese public schools market, which has been dominated by domestic makers such as NEC and Fujitsu, is hardly an easy one to crack.

Industry estimates give NEC a 50-60 per cent share of the educational market, with Fujitsu coming in second at 25 per cent, while the share of US companies is minimal.

Lack of user familiarity with foreign products, an emphasis on relationships rather than quality and price, and above all the influence of local politics, all doom the foreign vendor in the Japanese public schools market as much as they affect decisions in other areas of government procurement.

While IBM and Apple are working hard to win over teachers and education authorities by visiting schools - IBM will start a programme this year to enable teachers and students to test its machines - it is often the local politicians, rather than the people who will be actually using the machines, who make the final decision.

For public schools, the local

educational authority, staffed by civil servants and heavily influenced by local politics, makes the procurement decisions.

At times, even politicians from the national assembly are called in to take part in the decision-making process.

"The officials in the local educational authority are not the ones who will use the computer," Mr Hideaki Sekine, general manager of educational systems operations at IBM Japan, says regretfully. "The process of how decisions are made tends to be heavily influenced by politics, and if not by written policies, by practices which favour local vendors," says Mr Saldana.

A few months ago, Apple had the recommendation of a school board in Sakai, outside Osaka, to buy Apple computers overturned at the final point by the local education board, on the basis of a 10 per cent price difference. Although the school board said it still favoured Apple, the contract went to NEC.

Mr Saldana prefers not to complain too much, however. He is confident that if Apple has the right products and the right policies it can improve its position in the market significantly.

But he does ask that the Japanese government ensure that the market is a fair one. "Apple is a foreign company and doesn't have a lobbying mechanism," Mr Saldana says. "The only thing we can ask of the central government is to make sure the process is fair."

## Japan in construction talks to avert sanctions

By Michio Nakamoto in Tokyo

JAPANESE officials yesterday made a last-minute attempt to avert sanctions which the US is threatening to impose on Japan unless it agrees to open its construction market in line with US demands.

The chiefs of four of Japan's ministries concerned with the construction issue met yesterday in an effort to come up with a proposal that would reform key aspects of Japan's public works bidding system.

At an emergency meeting yesterday evening, Mr Tsutomu Hata, foreign minister, Mr Masayoshi Takeshima, chief cabinet secretary, Mr Kozo Igarashi, construction minister and Mr Kanju Sato, home affairs minister, discussed reforms which Japan could present to the US ahead of the November 1 deadline after which sanctions would be imposed.

The four agreed that Japan needed to increase competitiveness and transparency in its bidding system.

The move is likely to reinforce the impression that the threat of sanctions is necessary to trigger change in Japanese business and government practices.

In a speech to US business executives on Wednesday, Mr Mickey Kantor, the US trade representative, said that sanctions appeared to be "the only way the Japanese will seriously address this issue".

The US has been threatening sanctions unless Japan reforms its public works bidding system in line with four principles outlined by the US to Japan: to introduce an open and competitive bidding system, to apply that system to all projects above a certain level, to strengthen anti-monopoly rules and to enhance data collection to assess progress in achieving those goals.

Japanese officials refuse to accept the US deadline, which they claim was set unilaterally and without warning.

However, there is a growing recognition that Japan will have to face up to international pressure to bring its

bidding system in line with that of other industrialised countries.

Recognition of that need is also growing as the deadline nears for the conclusion of the Uruguay Round negotiations on global trade liberalisation.

Japan's offer in the Uruguay Round negotiations on opening up the public procurement market for construction services is also out of line with the offer made by other members such as the US and EC, officials said.

Mr Peter Sutherland, director-general of the Gatt, yesterday met leading Japanese politicians, including Prime Minister Morihiro Hosokawa, but met with continued resistance to the idea of tariffication - turning quantitative restrictions into tariffs - of rice from minister of agriculture, forestry and fisheries, Mr Ejiro Hata.

The Japanese authorities are considering a number of proposals for the liberalisation of the rice market which would modify the Dunkel text proposal for tariffication.



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## NEWS: THE AMERICAS

Populist or extremist, it could go from one Commons seat to as many as 50, reports Bernard Simon

# Canadian voters look to Reform

IT is no small achievement for a politician to draw 4,000 people to an election rally in suburban Toronto on the same night that the Toronto Blue Jays are playing the Philadelphia Phillies in the World Series baseball championship.

Mr Preston Manning did just that on Tuesday. The crowd which packed the Pickering Trade Centre, east of Toronto, was further evidence that Mr Manning's populist, right-of-centre Reform party will be a big winner in next Monday's general election.

If opinion polls and political pundits are correct, Reform's presence in the House of Commons in Ottawa will soar from a lone member representing a remote Alberta constituency, to as many as 50 or more MPs from all five provinces west of Quebec.

With a large number of three- and four-way races, the precise breakdown of seats is unusually difficult to predict. But the ruling Progressive Conservatives, led by Mr Kim Campbell, the prime minister, have stumbled so badly in the seven-week campaign that few analysts will be surprised if Reform or the separatist Bloc Québécois ends up as the official opposition.

The Liberals, currently the main opposition party, are almost certain to form the next government. It is not yet clear, however, whether they will win enough seats for an outright majority.

The bulk of Reform's support

has come from unhappy Conservatives in western Canada. But the fledgling party, formed in 1987, has also become an outlet for disaffected Liberals, and even for members of the left-of-centre New Democratic party, which is expected to be virtually annihilated in the election.

Reform is a peculiar political party. In one sense, it is little more than a protest movement. The typical Reform supporter is a disgruntled English-speaking Canadian who is fed up with high taxes, immigrants (especially refugees), early parole for criminals, affirmative action and gay rights.

Reform has also become a rallying point for Canadians in Ontario and the west who think the time has come to stand up to Quebec. The Reform view is that if Quebec refuses to accept the same constitutional powers as the other nine provinces and decides to go its own way, so be it.

But Reform has also won wider respect by presenting the campaign's most detailed and fearless platform, including a plan to eliminate Ottawa's yawning C\$35bn (£17.2bn) budget deficit within three years.

It has had the guts to acknowledge that chopping the deficit would involve some painful choices. The Reform platform pledges a radical overhaul of such sacred cows of Canadian society as unemployment insurance, social welfare and universal healthcare.

Mr Manning is often compared with Mr Ross Perot, the US populist billionaire. Aged 51, the son of a former premier of Alberta, he has the same clean-cut appearance and preaches the same traditional values as Mr Perot.

Among his hobbies listed in Who's Who are shopping, fishing and horse-riding with his family.

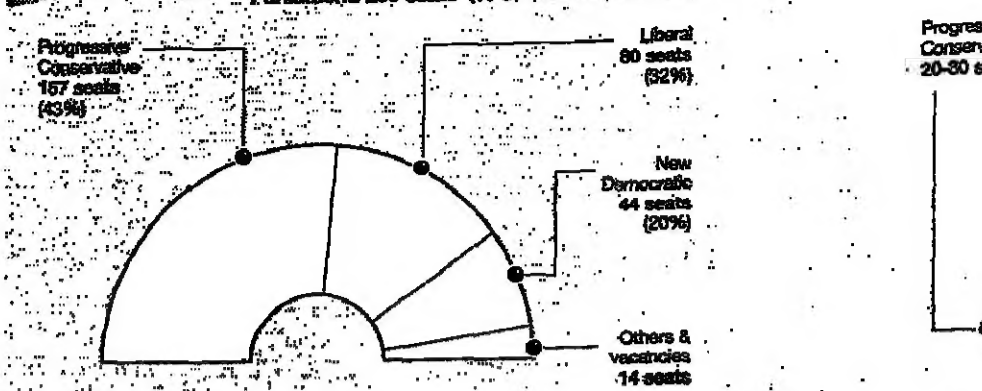
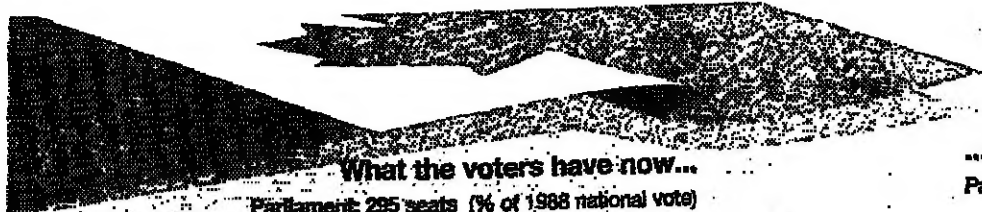
Although somewhat less cocky, Mr Manning shares Mr Perot's knack for presenting seductively simple solutions to complex problems. One of his favourite lines is that "the best thing the government can do for Canadians is to get off their backs and get out of their pockets."

But like Mr Perot's movement in the US, the Reform party's uncomplicated view of the world makes many Canadians uneasy.

Critics note that the "zero-in-three" deficit-elimination plan would be impossible to implement without a huge jump in unemployment (already at over 11 per cent) and severe cuts in government services.

Its uncompromising attitude towards Quebec and its intolerance towards rising immigration clash with values which up to now have been hallmarks of Canadian society.

Other than Mr Manning and Ms Deborah Grey, Reform's sole MP, little is known about its candidates. While Mr Manning comes across as a decent and honest politician, there is considerable evidence that his



Party promises to eliminate the C\$35bn budget deficit within three years without raising taxes or jeopardizing healthcare spending. Would probably respect the inflation-fighting John Crow's Bank of Canada governor. Would implement North American Free Trade Agreement (NAFTA). Plans to major change in immigration policy.



Party pledges to reduce budget deficit from 6.2 per cent of GDP to 3 per cent. Would try to renegotiate NAFTA. Plans to stimulate the economy with a US\$100 public-works programme and youth training. Would replace 7 per cent goods and services tax with unspecified "fairer" tax. Would cancel order for 43 European B-101 helicopters.



Party vigorously opposes NAFTA. Would try to replace the US-Canada pact with sectoral agreements. Would reduce budget deficit by chopping defence spending by 3 per cent a year and raising taxes on companies and wealthy individuals. Would replace goods and services tax.



Party's long-term goal is independence for Quebec. Meanwhile, promises to put Quebec's interests first but without disrupting parliament. Proposes to cut C\$10bn from budget and reinvest C\$5bn in job-creation programme. Supports free trade and proposes measures such as restructuring to ease transition.



Party plans to eliminate the budget deficit in three years. Would cut unemployment insurance, old age security benefits and business subsidies. Supports NAFTA, provided Canada would have more control over water resources. Opposes special treatment for Quebec, and would cut immigration by a third.

party has become a haven for more extreme elements.

Earlier this month, Mr Manning hurriedly dismissed a Reform candidate in southern Ontario who made racist and anti-Semitic remarks. Other candidates are reported to have expressed similar views.

Mr Manning insists that such views are not Reform pol-

icy nor typical of most of its candidates or members. He told the crowd in Pickering: "We refuse to be influenced by the racists of the right, and refuse to be intimidated by the fanatics of political correctness on the left."

No matter how well it fares on Monday, Reform's base is far from secure. Its support

appeared to be ebbing earlier this year before Ms Campbell and her advisers drove the Conservatives' electoral machine into the ditch. An improving economy could see many Reform supporters drift back to the Conservative, Liberal or NDP folds.

Even in the closing days of the campaign, concern about

Reform's policies and candi-

dates appears to have made some voters think twice.

Furthermore, the inexperience of Reform's new MPs could make them an easy target in the new Parliament. Mr Manning's plan to loosen party discipline in the House of Commons and make MPs more accountable to their constitu-

ents runs the risk of weakening party unity.

While Reform is not yet firmly entrenched in the mainstream of Canadian politics, it could be a formidable force on the opposition benches. At the very least, it will long be remembered for putting a firecracker under Canada's traditional political parties.

## Chrysler to boost European output

By Martin Dickson  
in New York

CHRYSLER, the US vehicle maker, announced yesterday that Steyr-Daimler-Puch of Austria is to build up to 47,000 of Chrysler's Jeep Grand Cherokee vehicles a year, to meet European demand.

The vehicles will be made at

the plant in Graz, Austria, where Steyr has been making some 20,000-30,000 Chrysler mini-vans a year since late 1991.

The Cherokee production line will start late next year.

The move marks a further push into Europe by Chrysler, which unlike its Detroit rivals Ford and GM, has no manu-

facturing presence in the region. However, Chrysler is keen to expand there to help offset future downturns in the US market.

Its European sales jumped 48 per cent to 17,130 vehicles in the third quarter.

Chrysler said yesterday that the Jeep Grand Cherokee, a large four-wheel-drive sports

utility vehicle, had been so successful in the US market that it had been hard to schedule production to meet the demands of Europe and other international markets.

Steyr will begin building a left-hand drive model next year, with diesel and right-hand-drive versions following in 1995 and 1996 respectively.

## Clinton survives attempts to limit deployment of troops

By Jurek Martin in Washington

PRESIDENT Bill Clinton is able to breathe a little easier after the almost complete collapse of congressional attempts to limit his authority to send troops to Haiti and Bosnia.

The Senate was yesterday still debating - and defeating - a handful of right-wing amendments on Haiti. But the die was cast the night before when Senator Bob Dole, the Republican leader, accepted drastic modifications to his proposal requiring prior congressional approval for any such missions. Then the full chamber voted 99-1 in favour of a simple non-binding resolution merely requesting that the President seek such approval for any Bosnian deployment.

Mr Clinton had survived a similar challenge over Somalia last week and on Tuesday the Senate voted down a proposal requiring that US forces serving in UN peacekeeping operations always be subject to US military command. Yesterday Ms Dee Dee Myers, the president's press secretary, reported that he was "very pleased" that his authority had been sustained on all fronts.

The White House also released a letter sent by Mr

Clinton to Congress on Wednesday justifying the naval cordon around Haiti under the terms of the 1973 War Powers Act. This mandates congressional approval

own original amendment if he were president, said he only wanted to construct "a political flak jacket," not "a straight jacket," for the commander-in-chief.

He had accepted the position of prime minister on the basis of the agreement, Mr Malval said in Port-au-Prince on Wednesday. But the refusal of the military to step aside had breached the agreement, and he was willing to resign rather than being seen as "an accomplice of the manoeuvres of those who wish to prevent the return of the head of the country."

Gen Raoul Cedras, the military leader, is pressing legislators to ratify that part of the peace agreement granting amnesty to the leaders of the coup which ousted Mr Aristide two years ago. Pro-military legislators are also seeking the inclusion of supporters of the coup leaders in Mr Malval's government.

Mr Clinton, with an eye on big domestic battles ahead tactfully praised Mr Dole for his co-operation.

The protracted political debate, however, had given full airing to reservations about the current conduct of US foreign policy. Some opinions were predictably extreme. Sen-

ator Jesse Helms, the Republican from North Carolina whose backing of right-wing nationalist causes overseas has always been staunch, took to the Senate floor to brand Mr Jean-Bertrand Aristide, the ousted Haitian president, as a "psychopath."

More reasoned debate concerned exactly what the US was trying to do to effect Mr Aristide's return, scheduled for the end of this month under the terms of a United Nations-brokered peace plan, but now clearly in grave doubt. The White House was, for example, obliged to deny that a proposal put to Mr Robert Malval, the pro-democracy prime minister, for an expanded cabinet was intended to give the Haitian military and police a share in power in a resumed Aristide presidency.

The proposal, put over the weekend by Mr Dante Caputo, the UN mediator, upset both Mr Malval and Mr Aristide. US spokesmen insisted that the idea was to get on board the business and landowning classes that have supported the military, but that "it will absolutely not include" military and police officials nor known backers of Haiti's earlier Duvalier regimes.

## Supercollider rushes to its doom

MEMBERS of Congress were to meet yesterday afternoon in a session expected to sound the death knell of the supercolliding supercollider, an \$11bn (£7.2bn) particle physics project being built in Texas.

The supercollider - gigantic boondoggle or cutting-edge science, depending on your perspective - has often come close to losing its government funding, but time and again has

restored behind the conference's closed doors.

This year, however, House members revolted and sent back the reconciled bill by an overwhelming vote of 282-143.

Supercollider supporters, led by members from Texas, where the project is sited, and Louisiana, where its giant magnets are being built, appeared yesterday to acknowledge the inevitable. Arguments were already beginning over how much money would be needed to close the project down.

The supercollider was intended to take physics a stage further by accelerating proton beams around a 54-mile oval tunnel lined with magnets, smashing them together at close to the speed of light in the hope of producing the Higgs boson, a small particle whose existence is so far only theorised.

Around \$2bn has already been spent and 14 miles of tunnel have been dug but the estimated completion cost has climbed rapidly from \$4.2bn in 1987 to \$11bn this year.

Senator Dale Bumpers of Arkansas has waged a long battle against the supercollider, made more piquant by the fact that his foes included many of the Senate's loudest proponents of budget austerity.

"I do not see how anybody can keep a straight face and talk about spending cuts, then walk onto this floor and vote for the supercollider. I've got a

dog with a longer memory than the United States Senate," Mr Bumpers complained.

This year, however, Congress has shown more determination to come to grips with the US budget deficit.

Some congressional tradi-

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## Britain in brief



## Journalist faces Yemen charges

A British television journalist, detained in Yemen while investigating alleged British visa frauds, has had charges filed against him. A colleague is still being questioned by the authorities.

The two men, Mr Ray Shillito and Mr Abdul Mohammed Hassan of Channel Television, were arrested while filming a documentary intended for Britain's Channel 4. The two arrived in Yemen on September 29 to look into allegations of a passport and visa fraud which enabled unauthorised people to enter Britain.

According to Mr Shillito, they had purchased a Lebanese passport in Beirut and had been advised there they could obtain a British entry visa and other necessary travel documents in Yemen.

## Mawarid funds BBC WSTV

BBC World Service Television's new Arabic service for the Middle East and North Africa is being financed by the Mawarid, an investment and industrial group of Saudi Arabia. The deal, already agreed in principle, would see WSTV signing a 10-year programme supply agreement for around £200m. The actual agreement is with Orbit Communications, a Rome-based subsidiary of Mawarid, which has shown a growing interest in all forms of communications.

## Liability of partners ruling

People pressured or tricked into acting as surety for their partners' borrowings can escape their obligations if the lender failed to ensure they knew what they were taking on, the House of Lords ruled yesterday. But five Law Lords stopped short of ruling that partners acting as surety in such situations should be treated as members of a specially protected class to whom banks owe a duty of care.

## Negative equity homes decline

The number of homeowners whose property is worth less than their mortgage loan fell by a further 5 per cent in the third quarter of the year to 1.36m, according to figures released by the Woolwich Building Society yesterday. The number of mortgage holders with "negative equity" as a result of property price falls since 1990 is now 24 per cent down on the start of the year. Some 68,000 families were released from negative equity in the third quarter.

## Hackers face court action

British Sky Broadcasting and News Datacom, the "smart card" decoder company, said they had decided to pursue all hackers producing unauthorised cards in both the civil and criminal courts. "Pirates are nothing more than common thieves," BSkyB said yesterday. The decision to take vigorous action against the pirates is a deliberate change of policy by the satellite company and a indication that it is taking the pirates who are producing and selling unauthorised cards more seriously.

## BRT seen as rival to BT

British Rail Telecommunications, a wholly owned BT subsidiary, is to be sold off late next year, with the government claiming it has the capacity to become a competitor to BT and Mercury in the UK's telecoms market.

Announcing the sale yesterday, Mr John MacGregor, transport secretary, said that after the sale responsibility for rail signalling safety would pass to Railtrack, which will assume ownership of the rail network under the government's privatisation plans. Although BRT will continue to supply signalling, communications and business services to the railway, Railtrack is likely to be free to employ other private sector suppliers, with BRT free to use spare capacity to sell to other companies, provided it gains the necessary public licences.

## How bad was Nigel? How good was Garry?

Last night Garry Kasparov beat Nigel Short for the world chess title and won £1m. By how much was the challenger outclassed? Here are some comparisons from sporting life



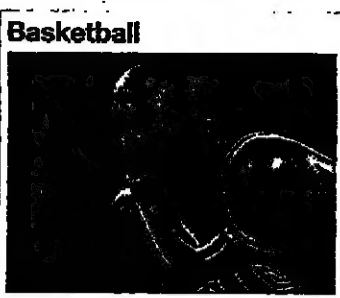
**Chess**  
Score: Kasparov 12½ Short 7½  
Before the match the champion's rating was 5% better than the challenger. Today it would be 4.3% better. Short did much better than his rating suggested.



**Golf**  
Kasparov would have won a round of golf by 3 strokes.  
In matchplay, with one point per hole, he would have won on the 14th green.



**Javelin**  
Like Kasparov the world javelin record holder Jan Zeleny (Czech Republic), who threw 95.86m this year, is around 4.5% better than his nearest rival Steve Backley (UK).



**Basketball**  
Michael Jordan leads the field by a wider margin than Kasparov. In terms of points per game in the National Basketball Association this year Jordan, with 32.6, is 8.3% better than his nearest rival, Dominique Wilkins.



**Football**  
Discounting draws the Kasparov-Short match was a game of two halves.  
First half: Kasparov 5 Short 0  
Second half: Kasparov 1 Short 1.

## BA to face \$1bn Virgin legal action

By Paul Betts, Aerospace Correspondent

MR RICHARD BRANSON last night launched a near-\$1bn suit against British Airways for its "dirty tricks" campaign against Virgin Atlantic Airways.

The action was filed in a New York court citing "unfair and illegal activities" and accused BA of attempting to impede Virgin's growth and trying to "destroy it with targeted predatory anti-competitive practices and acts".

BA, which has 60 days to respond to the New York action, said it had not yet seen the complaint and was therefore not able to comment.

Virgin's move will now reopen the wounds between the two UK carriers and revive the highly publicised "dirty tricks" affair.

"Airing another airline's dirty linen in front of an American audience is not something I would normally choose to do," Mr Branson said last night. "However, in the aviation business, there is no UK legislation to protect smaller carriers against anti-competitive and monopolistic behaviour," he added.

The UK government had put pressure on both carriers to resolve their disputes because it feared it risked damaging the interests of the country's aviation industry.

BA paid \$210,000 in libel damages to Virgin in the High Court in London in January after accepting that Virgin "had reasonable grounds for serious concern about the activities of a number of BA employees".

But the two airlines failed after lengthy negotiations to agree on financial compensation for Virgin.

Mr Branson said he had hoped after the High Court case that the affair could have been settled without the need for further action.

He said Virgin had been will-

ing "to accept a token sum in recognition of the misdeeds of the past". He added that BA has had long enough to take "positive measures" to prevent the need for last night's action.

"Not only have they not done so, but we have found ourselves the target of new monopolistic abuse," he said.

Virgin is claiming \$255m damages, but the airline said any award would be tripled up to \$765m by a US court. The airline is also seeking an injunction to prevent BA from continuing what it claims are activities which distort competition and are designed to "damage and discredit" Virgin.

Virgin specifically claims that BA is attempting to monopolise the transatlantic market; using its dominant position at London Heathrow airport to distort competition on North Atlantic routes; guilty of a variety of "dirty tricks" aimed at Virgin and its passengers; using its equity position in USAir and agreements related to it to distort competition for passengers flying between the US and UK.

Mr Branson's airline also complains that BA manipulates travel agents and corporate programmes and incentives to deny Virgin business and limit consumer choice; offers low cost tickets on Concorde and other incentives on BA flights competing with Virgin flights; using its take-off and landing slots at Heathrow in a manner prejudicial to Virgin; discriminatory refusals to confirm Virgin passengers' reservations on connecting BA flights and refusing to accept properly endorsed Virgin tickets.

Virgin has already instigated legal action against BA in the High Court in London regarding what it claims is the wrongful accessing by BA of confidential computer held information. It has also filed a complaint with the European Commission against BA for anti-competitive behaviour.

## Non-EC trade gap up to £2.56bn

HIGHER demand for manufactured imports as the UK economy recovered was behind a rise in the trade deficit in the third quarter for countries outside the European Community.

Last month the non-European Community trade gap increased to the highest level since February, in spite of a generally encouraging trend for exports.

The figures underline concern that with an increasing deficit on trade within the EC, the gap between imports and exports on a whole-world basis is likely to worsen - assuming the recovery continues.

The Central Statistical Office said yesterday that for trade outside the EC manufacturers increased prices 14 per cent in the third quarter of this year compared with the same period last year.

Despite an encouraging trend in exports demand for some imports is increasing, reports Peter Marsh

This was in an effort to rebuild profit margins, and came in spite of the depreciation in sterling of about 12 per cent over the same period which in theory should have enabled many companies to cut prices of exported goods. Over the same time, prices of imported manufactured goods increased 12 per cent.

In the third quarter the non-EC trade deficit, adjusted for seasonal variations, came to £2.56bn, from £2.22bn in the second three monthly period. For the first nine months of the year, the trade deficit reached £7.9bn after a £9.75bn deficit for the whole of last year.

Last month the difference between imports and exports for non-EC nations was £1.09bn, after a £729m deficit in August. Much of the change was explained by reduced exports of gems and higher imports of ships, aircraft and oil platforms. Excluding these so-called erratic items, the deficit increased to £662m last month from £541m in August.

The non-EC trade deficit on manufactured items rose from £383m in August to £565m in September, the highest figure since December last year.

In the third quarter manufactured imports rose 7 per

cent in value on the previous quarter, compared with a 4.5 per cent rise in exports over the same period.

Imports of semi-finished manufactured goods, including some classes of factory components and chemical materials, saw a 9.5 per cent rise in volume terms between the second and third quarters. The UK recorded a £88m deficit on trade with the US and Canada last month, after five months of surpluses.

Figures for trade with other EC nations, which are available only up to July because of a switch to a new recording system, indicate that the deficit for this region is increasing mainly due to faltering exports.

In the first half of this year, the whole-world deficit was £7.1bn, after a deficit of £13.4bn last year.

## Beijing office for engineers

By Andrew Baxter

THE INSTITUTION of Electrical Engineers is to become the first European engineering society to establish a branch in China when it opens in Beijing next week.

The move, announced yesterday, is an important step for the IEE, which has more than 130,000 members and is Europe's largest professional engineering society.

It is part of an increasing push by the bigger UK institutions into emerging markets, where their unique role as qualifying bodies makes them attractive to local engineers.

The IEE is establishing a 10-city network in eastern Europe and the former Soviet Union, while the Institution of Mechanical Engineers is looking at possible co-operation with national societies in east Asia. It is hoped that the centre will encourage the transfer of technology, which could lead to more business for UK industry.

The institution already has 20 members in China, but said that more than 400 engineers are waiting to join.

## US operator in £200m cable TV and phone joint venture

By Andrew Adonis

A JOINT VENTURE company between South Wales Electricity and International CableTel, a US operator, plans to invest about £200m in building a cable TV and telephone network covering most of urban south Wales.

The joint venture, one of the largest investments in UK cable announced this year, will embrace more than 300,000 homes and 26,000 businesses. It marks a significant diversification for South Wales Elec-

tricity, one of the 12 privatised electricity distribution companies in England and Wales.

The launch follows Swalec's decision earlier this week to buy the West Glamorgan cable franchise for West Glamorgan, and from CableTel's success earlier this month in raising more than \$400m in debt and equity in New York to finance new UK cable ventures.

The joint venture will involve an initial investment of £75m by the two companies - £30m from Swalec, £45 from CableTel. Once the company

reaches positive cash flow, it plans to raise another £125m in external finance.

CableTel is the UK's third largest cable operator, behind Nynex and Telewest and on a par with Southwestern Bell. All four are US owned.

Other privatised utilities are also entering the market. In August Yorkshire Water took a stake in a joint venture to build a cable network for Yorkshire. The other partners are Singapore Telecom and Générale des Eaux, the French diversified services group.

## Gambit fails to win mass audience

By Stewart Dalby

AS A SPECTATOR sport the world championship chess clash between Gary Kasparov and Nigel Short never appeared to catch fully. Its failure to grab the national attention was despite a controversial start, a British challenger for the first time in living memory, and a London venue.

To the players, exhausted after 20 games, it probably feels like a lifetime ago that they founded the breakaway Professional Chess Association and invited bids to stage the match in defiance of Fide, the game's world governing body.

A consortium of Times Newspapers and Teleworld Holdings, a telecommunications group with headquarters in Rotterdam, won the rights to stage the match with a bid of £1.7m in prize money. Teleworld abandoned its Europe-wide "Predict-a-move" telephone chess line after three games.

But both the Times and Channel 4 declared themselves pleased with the tournament. Mr Phil Lawlor, the head of promotion at the Times, said: "We did not cover our costs, but in sponsorship you do not expect to. That is not the way it works. We received more than 72 hours of television exposure for our brand."

Channel 4 said it had cumulative audiences of between 1.75m and 2m on match days for its three programmes.

Mr David Elinder, sales director of Television International which is part of Polygram and syndicated television coverage outside the UK said: "The tournament sold reasonably well."

ESPN, sports channel, which has the US ABC network, syndicated as a parent, and sold highlights in 13 European countries. The Singapore Broadcasting Corporation bought highlights and the BBC World Service Television network, which goes to 38 countries, also broadcast.

But a spokesman for the publishers of Chess Monthly said: "There has been a terrific increase in interest. I would say our sales have increased 300 per cent because of the match."

"We have also seen an increase in city headhunters and job agencies interested in using chess for recruitment."

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## THE PROPERTY MARKET

## Sporting chance of picking plum prizes

Inward investment agencies are an essential tool for attracting business to a region, writes Honor Chapman

At the turn of the last century, according to local legend, a spectacular life-size elephant made of walnuts was the focus of a campaign to attract business to Los Angeles. Some 84 years later, in a similar, but grander, exercise, Los Angeles hosted the Olympic Games, winning unprecedented plaudits for wooing large-scale private sector investment in the city's infrastructure.

The Olympic Games are a prime example of how a city can establish momentum for regeneration, through a combination of private and public sector initiatives.

The competition surrounding the award last month of the millennium games to Sydney illustrates just how prized the games are - both for the sporting prestige and, more lasting, the boost they can give to job creation, redevelopment of run-down areas and the wider regional economy of a city.

The pressures on cities to compete to attract business have rarely been so intense. A vital carrot for business is the attractiveness, allied to fiscal incentives, of the location and local infrastructure from transport to services.

Cities are, accordingly, respond-

ing in a variety of ways:

● Some cities appear to be paralysed by the scale and nature of the changes affecting them and are doing little beyond the discharge of their immediate and historic activities of public service provision and statutory planning.

● Other cities, while acutely aware of the new environment of competition, have engaged in costly and sometimes unsophisticated attempts at city promotion, such as the publication of glossy brochures and videos.

● The most enterprising cities take a closely regulated business-planning approach to the development of their economies with strategies to promote their strengths and combat their weaknesses. This is designed to attract and sustain companies in the global marketplace and hence the city's long-term competitiveness.

A characteristic feature of the last group is the setting up of special agencies charged with the job of attracting such new investment.

Lyon's agency, for instance, has been instrumental in "changing perceptions of the city". The city's activities have assured its "second city" status and at the same time

persuaded some top companies to relocate from Paris to Lyon. Glasgow's agency secured 4,000 jobs in 1992-93. Milton Keynes, a new town in southern England has had a continuous strategy since its creation in the mid-1960s, and its agency receives four investment inquiries a day. Düsseldorf's agency has helped attract a strong international client list of companies to the city; its biggest coup was being selected as the location for the first Russian trade centre (370,000 square feet) in Europe. These cities have taken the decision to promote their economies and, with the exception of Glasgow, none are in areas identified by central government - or regional trad-

ing blocs such as the European Community - as requiring special assistance in terms of priority regional aid.

The agencies vary significantly in the numbers of people they employ and their costs. Those with the larger number of staff, such as Berlin, play a more extensive role in providing grants and other financial incentives and services to prospective and existing client-companies. The main role of smaller agencies is to concentrate on attracting inquiries and introducing companies to the appropriate range of local government and professional services. These agencies also vary in terms of the size of their marketing budgets,

which can ultimately determine the success of their campaigns to "sell the city". The marketing budget is an important demonstration of a city's commitment to its economy and its faith in the agency's ability to attract companies.

It is difficult to determine the exact impact of the agencies on job creation and added value. Most agencies keep these numbers under wraps. Performance on these criteria largely depend on the length of time the agency has been running.

Without exception agencies are seen as an essential focal point for the promotion of internal and external business in their respective cities. They are also seen as impor-

tant influences in creating a suitable climate for business. They play the vital role of conduit, feeding back to the city strategists important data and intelligence on how the current and potential business "consumer" sees the needs and priorities for local and central government investment in infrastructure, training, education, environment and other city services.

A well thought-out and widely promoted strategy for a city's long-term growth is also viewed as an important marketing tool for agencies. A city's long-term vision, encompassing the gamut of physical regeneration and the provision of services, can tip the balance in persuading companies to relocate.

Hosting high-profile events, such as the Olympic Games, needs to be seen in the context of a city's overall marketing strategy. A "big bang" marketing event - such as hosting an Olympic Games - is widely viewed as a significant short-cut way of generating an instant international profile (ideal for an emerging city keen to attract international clients) besides stimulating infrastructure improvements.

In Barcelona, for instance, which hosted the Olympic Games in 1992,

the long-term benefits of the games included improvements to the city's international airport, the regeneration of depressed areas and the transformation of the waterfront. In England, KPMG, an accountancy and management consultancy, estimates that had Manchester won the millennium games, the regional economy would have benefited by some £1bn in extra spending power and £1bn in the creation of about 11,000 jobs.

The cumulative impact of a successful Manchester bid would have been worth about 10 per cent of north-west England's present annual gross domestic product. The direct capital investment needed to stage the games would have been £1.6bn; but the legacy would have been world-class sporting and commercial facilities.

But though Manchester's bid failed, the process of making it had an important catalytic effect: it has brought together local government and local companies. Such private-public sector alliances are likely to remain a feature of current and future successful city economic development.

The author is a partner with real estate advisors Jones Lang Wootton

Office of notary Pierre Van den Eynde at Saint-Josse-ten-Noode (1210 Brussels), Rue Royale 207, Belgium. Tel: 32(0) 2-217 43 75. PUBLIC SALE: Friday 28th October 1993, at 14:00 hours, at Room 3, Rue de la Montagne 30-32, Brussels.

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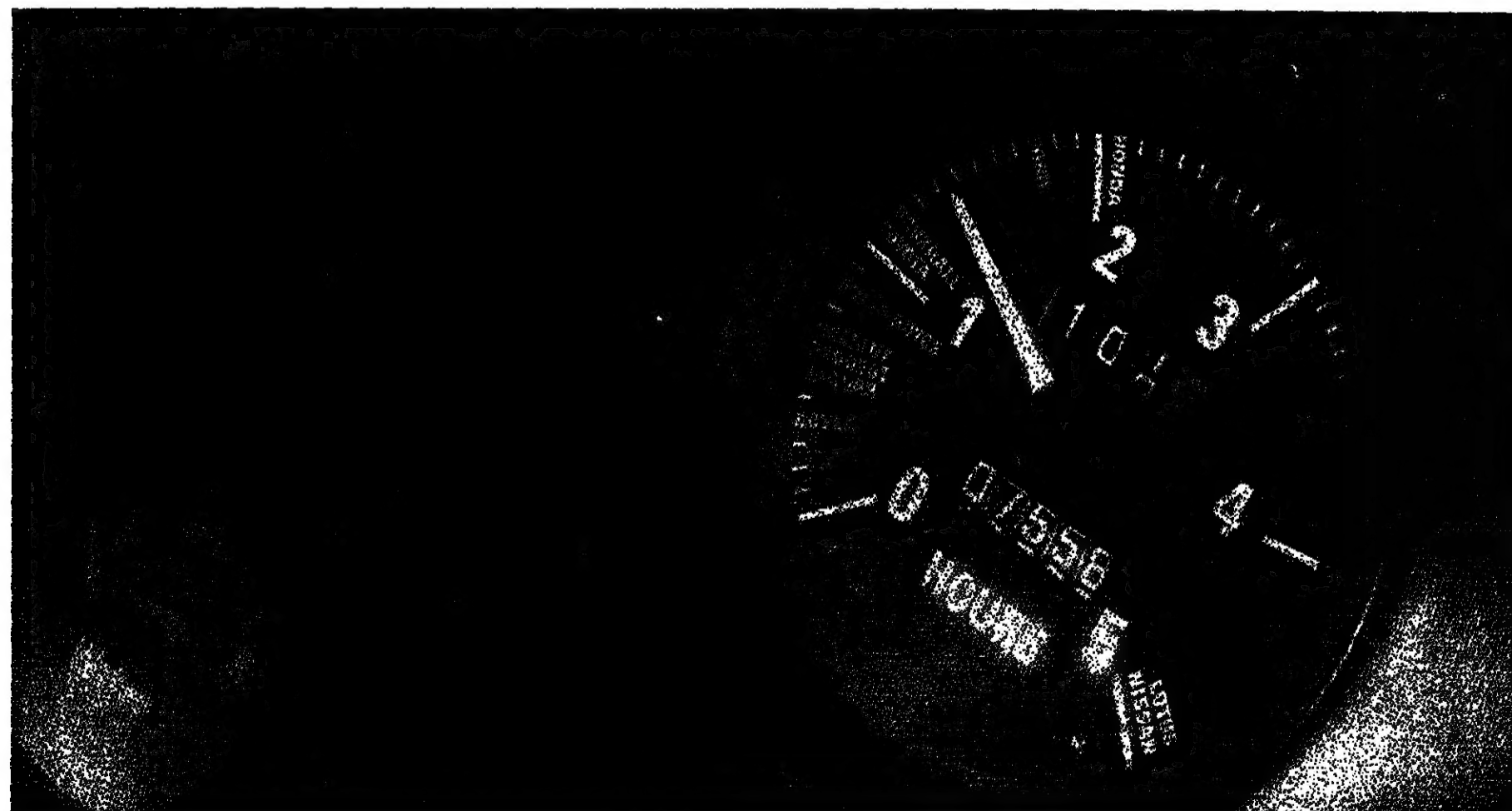
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In the offices of JO Hambro in the City of London, a panel of the great and the good are sifting through a list of captains of industry in search of the 1993 Businessman of the Year. Across town in the west end a group of women are poring over hundreds of female success stories to find Cosmopolitan magazine's Achiever of the Year.

All across the country the search is on for big businessmen, small businessmen, young businessmen, old businessmen. It is on for businesswomen and potential businesswomen. It is on for entrepreneurs and venture capitalists. There are so many awards for business stars that you could get from one end of the year to another eating nothing but celebratory meals at Claridges and the Savoy.

Are all these awards getting out of hand? Why are there so many? Are the right prizes going to the right people? Companies like awards because they are cheap PR. If all goes well, the sponsor stands to gain copious publicity as well as getting its name associated with business success. Newspapers and magazines also like them for the PR value. Professional bodies see their members rewarded and motivated. And the public simply likes reading about the winners.

"There can't be too many," says Rhamon Chapman of the Industrial Society, a veteran adjudicator of business awards. "There is a great hunger for signposts to success. People need to feel things are possible."

Yet judging the business awards is not like judging the Booker prize. A novel can be reread and it cannot lead a company which goes bankrupt. If a businessperson wins a prize one year and the company subsequently gets into difficulty, he or she may destroy the standing of the award in the process.

The Guardian's Young Businessman of the Year award made a few unfortunate choices and came unstuck as a result. After selecting Sir Oliver Sinclair, John Gunn of British and Commonwealth, and John Ashcroft of Colson, all of whom ran companies which subsequently hit hard times - The Guardian quietly scrapped the award three years ago.

One way around the problem is to play safe. This is the approach adopted by judges of the Hambro Businessman of the Year award and the Institute of Management's Gold Medal. Both go for what many might consider the obvious names, often picking the same people: Sir Arnold Hall of BTR, Lord Seiff of Marks and Spencer and Sir Terence Beckett of Ford have both won on their mantelpieces, while Sir Robert Scholey of British Steel



Lord Marcus Seiff



Sir Owen Green



Debbie Moore



John Ashcroft

## In search of the stars

Lucy Kellaway looks at the scramble to find the right winners for a multitude of business awards

picked up both titles in the same year.

But even the big names are not always a certainty. Gerald Ranson of Heron was Businessman of the Year in 1984, while last year's choice of Lord King was perhaps a little unfortunate, coming as it did just before news of British Airways' dirty tricks campaign.

Whether or not the choice is a sound one, it is not immediately clear why prizes should be given to those who have already reached the top. The answer, says Alisa Dempster of the Institute of Management, is less to glorify the winner and more to motivate others. The same rationale clearly applies to awards aimed at special groups - businesswomen and entrepreneurs - who are in greater need of role models.

When Veuve Clicquot launched its Businesswoman of the Year award 21 years ago, it was the only prize of its sort. Now women's magazines, clearing banks, building societies, accountancy companies and office equipment suppliers jostle to reward successful women.

There has been a similar scramble to give prizes to entrepreneurs and small business people, the Venture of the Year award (sponsored by Cartier, the Financial Times and the British Venture Capital Association) being one prominent example.

Most of the awards have the standard posh lunch and a standard big name presenting the prize. Some - such as the Businessman of the Year award - are charity functions. Some prizes are more worth win-

ning than others: the more prominent the winner the worse the prize. The Businessman of the Year receives a trophy and a modicum of honour. The Gold Medal comes mounted in a perspex shell. The Businesswoman of the Year wins a silver *lasten*, but she also gets a gourmet's trip to Rheims, a vine named after her and champagne on her birthday for the rest of her life. Cartier offers a £5,000 watch. The magazines offer money, holidays and telecom equipment. The Cosmopolitan/Arthur Anderson High Flier gets a paid place at business school.

For the sponsors the main cost is not the prize but the expense of selecting the winners. Moira Collins, who runs the Veuve Clicquot award, says picking the right person requires months of effort. It is not an exact science, but careful study of the paperwork and site visits are necessary.

Collins argues women are less likely to take a tumble than men: "Most businesswomen have plodded away. But a lot of those boys, they were higher up and had further to fall." Veuve Clicquot has had to hide its bushes twice in 21 years: it awarded prizes to Debbie Moore of Pineapple and Sophie Mirman of Sock Shop, both companies which suffered from over-expansion in the 1980s.

The awards for women face the further difficulty of having a limited number of candidates to choose from. "When Anita Roddick won, everyone complained she has been discovered to death. When Gisela Burg won, they said 'who on earth is she?'" says Collins.

The Institute of Directors, until recently a sponsor of the Veuve Clicquot prize, admits that the enthusiasm of some of its members has faded. "There is a feeling among our 2,600 women directors that special events for them are not quite what they want," says Gordon Leak, media relations director.

While awards proliferate, many hard-working managers, burrowing away in big corporations, are excluded altogether. This is partly because their achievement is more difficult to spot and measure, and partly because colleagues can be less than supportive. Veuve Clicquot is trying to include more corporate women in its award, but finds it difficult. "Corporate women who get nominated don't get a good time from colleagues. They get teased mercilessly - the men are quite jealous."

Most successful business people are not entrepreneurs, they have not just done a management buy-out and they are not captains of industry. "Being a director of a company is interesting, difficult and rewarding," argues Leak. He believes a medal should be created to mark the unsung heroes.

CHRISTOPHER LORENZ

## Struggling with the curse of success



**DOMINANT** companies - the Kodaks, General Motors and IBMs of this world - used to be held up as models for lesser fry to emulate. Remember in Search of Excellence, that best-seller full of gun-ho "lessons from America's best-run companies", as its subtitle claimed?

The troubles which have afflicted many of them since it was published barely a decade ago have taught us all to be a little more sceptical. The market shares of such enterprises may soar for a while and their profits defy gravity, but it has become obvious that most eventually fall prey to what is known in academic circles as "the curse of incumbency".

When an innovator attacks their market, most incumbents fail to react effectively. Within a few years, even months in some unstable sectors, they are toppled from their perch - Kodak by Fuji, GM by Ford, Toyota, Honda and Nissan, and IBM by the combined forces of clones, workstations, personal computers and Microsoft. A related example is Wang, which dominated word processing until PCs almost sank it.

The popular explanation for this phenomenon is the "fat and lazy" syndrome: a company grows overconfident, careless and sluggish, and either fails to spot the significance of an innovation or cannot stir itself to take remedial action until it is too late. In the post-war years most steam locomotive makers fell into this trap when they finally perceived the challenge from diesel-electrics was serious.

As you might expect, academics suggest a set of more complex explanations. These attribute the phenomenon to economic, political or behavioural factors - or to a mixture of all three.

In a draft research paper, Diana Day of Philadelphia's Wharton School comes down against the economic view: that incumbents make a conscious choice not to innovate so as not to hit their existing "rent" stream and the value of their underlying assets.

Rebecca Henderson of the Massachusetts Institute of Technology

takes a more catholic line. She suggests rational economics plays a part, although the fundamental problem is what she calls the power of "embedded architecture".

As successful companies learn more and more about their existing products, services and ways of operating she says, this knowledge becomes deeply embedded within them: in their communications channels, information and accounting systems, strategies, structures and cultures. So they have difficulty recognising the innovative threat, and take too long to launch remedial action.

Up to this point, Henderson's account parallels the "inward

investment, Kellogg would hold back and try to play safe by extending its existing products - a process known generally as "incremental innovation". It might, for instance, launch banana-flavoured corn flakes, Henderson suggested.

The depth of an incumbent's dilemma was illustrated further at the conference by P. Ranganath Nayak, a senior vice-president of the Arthur D. Little consultancy.

As he pointed out, it is easy to recognise the potential of an innovation in retrospect, but tough at the time. Jet aircraft were once predicted to supersede propeller-driven aircraft completely, but have failed to do so. Microwave ovens were expected to oust conventional ones, but have expanded the market for home cooking. The pace of substitution is also difficult to predict. Diesel locomotives took about 30 years to replace the steam variety, while the partial incursion of jet engines into the propeller market was rapid, as was the take-off of the microwave oven market. Cash registers went electronic almost overnight, while compact discs have taken longer to oust long-play vinyl records.

As Nayak says, the only solution is to watch constantly for competitive threats, especially from unexpected directions.

To overcome their internal defences against innovation and self-cannibalisation, he advises incumbent companies to maintain a strong, but not necessarily large, central research and development effort, on the grounds that "you can't ask the people who run an existing business to replace it".

To help create successful innovations, Nayak says that companies must also foster "skunkworks" (small entrepreneurial teams), and collaborate more closely with customers, suppliers and competitors.

Companies should also use a "balanced scorecard" of measures, comprising not just financial yardsticks but also information on customers and technology.

Above all, chief executives must be iconoclasts. As Nayak puts it, "If the top is committed deeply to maintaining the status quo, there's no hope".

**When an innovator attacks their market, most incumbents fail to react effectively. Within a few years or even months, they are toppled from their perch**

focus" explanation of unresponsiveness put forward by Les Albenberg, chairman of EDS, the IT services giant which is striving to avoid the problem (see this page, October 15). But Henderson elaborates further.

Even if an incumbent manages to remain strategically alert and organisationally flexible, she says, uncertainty over whether the attacker will succeed may make it hold back from emulating the rival's innovation - and thereby cannibalising its own product and considerable investment.

If, for instance, a maker of chocolate bars began to promote the idea of consuming its products for breakfast - a less far-fetched proposition than it might seem, since at least one manufacturer has considered it - Kellogg would think a hundred times before following suit, Henderson told last month's annual conference of the Strategic Management Society in Chicago.

Instead of rushing to destroy its market for cornflakes and other cereals, plus decades of its own

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- As highest bidder shall be considered the participant whose offer will be judged, by the 51% of the Company's creditors (the "Creditors"), in their absolute discretion, upon suggestion of the liquidator, to be in the best interests of all of the creditors of the Company. Mention is made that for the purposes of evaluating an offer proposed to be paid in instalments, the present value thereof shall be taken into account, which shall be calculated on the basis of a discount interest at an annual rate of 22% compounded yearly.
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- The liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings and the making of the assets. Neither the Liquidator nor the Notary Public shall have any liability for any legal or actual defects of the assets. Submission of binding offers shall not be deemed to constitute any right for the adjudication nor the participants shall acquire any right, power or claim from this invitation and/or their participation in the Auction against the Liquidator and/or the Creditors for any reason whatsoever.
- This invitation has been drafted in Greek and translated in English. In any event the Greek version shall prevail.

FOR OBTAINING THE OFFERING MEMORANDUM AND FOR ANY FURTHER INFORMATION PLEASE APPLY TO THE LIQUIDATOR OF THE COMPANY "ETHNIKI KEPHALIOU S.A. Administration of Assets and Liabilities", address: 1 Skouliou Street, 105 61 Athens, Greece. tel. +30-1-323 1484, Fax +30-1-321 7905 (att. Mrs. Maria Frangaki).

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## TECHNOLOGY

Audi and Alcoa have developed a saloon car with a light aluminium body, reports John Griffiths

# On the road to the future



Driving force: Audi hopes to sell 15,000 a year of its luxury space frame saloon car

With the start this month of commercial production at the world's first plant for volume production of aluminium body structures, Audi and Alcoa have started to take car manufacturing into new territory.

Alcoa has invested DM120m (£49m) in the plant at Soest in Germany's North Rhine-Westphalia region. From there, body parts will be sent to the Audi car plant further south in Ingolstadt, Bavaria.

They will form part of the new luxury Audi ASF (aluminium space frame) saloon, of which the company hopes to sell 15,000 a year after the launch at next spring's Geneva motor show. The components of the ASF will be assembled into the skeleton-like aluminium "space frame", around which a skin of aluminium body panels will then be pressed and attached.

Alcoa should then begin to obtain a clearer idea of how much potential exists among other manufacturers for a car construction concept offering substantial weight savings over steel, and thus better fuel consumption and reduced exhaust emissions, but at much higher material cost.

Since the new top-range saloon is expected to be only the first of a range of aluminium models from Audi, the up-market subsidiary of the Volkswagen group, Alcoa has planned an eventual annual capacity of 100,000 structures a year at Soest.

Eric Winter, manager for automotive products at Alcoa's technical centre in Pennsylvania, says Alcoa is talking to "a number of automakers" about similar projects in Europe and North America.

However, there are no firm commitments yet from other car companies to adopt the aluminium technology and processes developed jointly by Audi and Alcoa over the past 10 years at a cost of DM1.1bn.

Other large manufacturers have exploratory programmes under way - Ford of the US, for example, through a technology partnership with Canada's Alcan group - but appear reluctant to commit themselves as extensively as Audi.

Ford and Alcan have built a small fleet of aluminium-bodied prototype cars. However, senior executives at Ford's research centre near Cologne believe Ford is more likely to use aluminium for some body panels, such as bootlids and bonnets, and a broader spread of mechanical components than seek to build aluminium-bodied cars in large volumes.

The Audi/Alcoa process is said to be viable for production runs of up to 100,000 cars a year, not enough for cars such as Volkswagen's popular Golf model or similar cars built at the rate of 200,000 or more units a

year in some plants.

The partners are looking at ways of meeting these volume requirements however, in the belief that in the long term, aluminium's attractions of reduced weight, 50 per cent lower tooling costs compared with steel and almost infinite recyclability will offset the higher cost of aluminium - about three times that of steel - and the large amounts of energy needed to produce it.

Despite its drawbacks, aluminium now appears to be the front-running material to break the long monopoly held by steel in car bodies. Predictions by chemical companies in the 1980s that plastic composites could take over the role from steel appear to be foundering, mainly because of recycling difficulties.

According to Franz-Josef Paefgen, head of body development at Audi, the average aluminium content in current vehicles is already between 6.7 and 11 per cent. However, this is mainly in mechanical components such as engine blocks and gearbox housings; weight savings in these areas have been more than offset by

more sophisticated comfort, safety and other features.

Reversing the trend is only possible through the "quantum leap" offered by an aluminium body, says Paefgen, because the body typically accounts for between 20 and 30 per cent of total vehicle weight.

There are important implications

**"The question will not be how long the car will last but when the customer decides that he wants a new one"**

for energy consumption because a 10 per cent lighter vehicle yields a 7 per cent reduction in fuel consumption. Simply replicating a conventional car body in aluminium would not work because of the different strength and behaviour of the two metals.

But the skeleton and panel clad-

ding approach used for the ASF goes well beyond the classic concept of a "space frame". It is formed from mainly box-sectioned extrusions joined to complex, ribbed and extremely strong die-cast components at highly-stressed corners and connecting points. This lends extreme rigidity to the structure. One-third fewer individual parts are needed than in a conventional body.

Load-bearing components are joined mainly by continuous welds, also giving greater rigidity than spot welds. The stressed skin panels are mostly joined by a punched riveting process being used for the first time on a car body. Audi and Alcoa say this allows higher-quality consistency than is possible with conventional panel attachments.

The end result, according to Heinrich Timm, manager of Audi's fundamental concepts activities, is a body shell 40 per cent stiffer and 40 per cent lighter than a steel equivalent. Asked why people have not been driving aluminium cars for years if the concept is so good, he

says it has required the advent of the supercomputer, with its enormous processing power, to make the ASF feasible.

"For budget and time reasons," he says, "such a revolutionary change in body construction technology, together with the use of a material which has been previously unknown in this application, is not possible without the extensive use of a supercomputer." The computer simulation techniques so essential in the development process were simply not available before.

Now that they exist Audi has high hopes that the nature of the structures and the manufacturing processes will allow it to develop and make different models more quickly and cheaply.

Headaches, however, have been plentiful. Aluminium's elasticity and elongation characteristics make it more difficult than steel to press into multi-curvature panels, thus needing extra care and precision in die-making.

Parts have to be transported in special containers as they are more vulnerable to scratching than steel. The structurally crucial die castings, made with the Vucor process in which the die is evacuated before the molten aluminium is injected, require extreme care in the control of the casting process and of the smelt, while the parts themselves must be carefully heat treated.

Some of the joining processes, such as punch riveting, are new or have been extensively adapted from conventional processes, in each case requiring very careful development but ultimately proving well worth the effort.

A significant advantage is that the ASF structure has only about one-third the number of body parts that a steel monocoque contains. Arguably, this is necessary as the manufacturing process is still more labour intensive than with steel and will remain so until a breakthrough into high volumes of smaller cars makes investment in new forms of automation viable. Only about 10 per cent of the assembly process is automated.

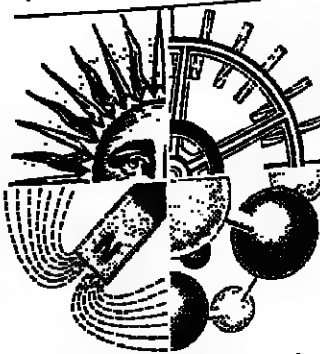
There are other manufacturing quirks too - for example, the need to heat the completed bodyshell to 210°C for 30 minutes to give it the required strength.

Audi will market the car as a lighter, more responsive, fuel-efficient and longer lasting luxury car than any steel-bodied counterpart.

"The question will not be how long the car will last but when the customer decides that he wants a new one," according to Wolfgang Ullrich, head of Audi's factory service centres.

Will Audi price the car at a significant premium over a conventional model? It is not saying yet. The pricing policy for the ASF will be decided early next year.

## Worth Watching · Della Bradshaw



### Shopping around for a new store design

Years of research into video image processing could now give retailers valuable information to help them re-design the layout of their stores.

Retail design consultancy ID Magasin is using Spytrack, adapted from a surveillance system by KDS Scicon, to analyse how shoppers move around a store.

Spytrack uses standard video cameras to record the images in the store. These are then transferred to a PC where the software processes the images, calculating traffic flows, areas of congestion, cold spots and so on. KDS Scicon: UK, 0276 686200. ID Magasin: UK, 0858 461461.

### Postcodes move to compact disc

Most British businesses know that if they address their envelopes in the required format - so that automated equipment can read them - they will get a discount on their postage rates.

Capscan, of London, has introduced Matchcode, a compact disc which contains all the UK's postal addresses in the required format. If addresses are entered into the computer in a random fashion, Matchcode will automatically format them, adding postcodes where necessary. The data can be used to adjust individual addresses as they are typed in, or to manipulate batches of addresses on a database. Matchcode can also be used for rapid addressing. Capscan: UK, 071 287 7055.

### Early refuse catches the worm

After 30 years of research, a French company has devised a way to dispose of domestic refuse - by getting earthworms to eat it.

The technique, developed by Sovadec, of Montelimar, involves the strict control of temperature and humidity to ensure the maximum amount of organic materials are ingested and broken down into worm compost.

When the rubbish arrives the refuse sacks are torn open and the material is sorted into glass, plastic, metals and so on. The organic material is disinfected and then passes into the "vermicomposter" (incubator) - the most important element in the Naturba process. Here the worms eat the rubbish, after which a drying process separates the compost from the remaining refuse. Sovadec: France, 75 01 30 43.

### Doing away with excess data

The problem many finance departments or accountants face when using PC spreadsheets is that everyone in the department is working on a different copy of the software - some of which can contain out-of-date or inaccurate information.

With the move towards "client-server" computing with one central database, Arbor Software of Santa Clara has developed Esbase analysis software which does away with the proliferation of data.

Esbase holds the information on the server to be drawn down by each user as required - 50 or more employees can gain access to the data simultaneously depending on the hardware configuration. Arbor Software: US, 800 858 1688; UK, 0734 566749.

### How to solve a sticky problem

Chewing gum may lose its flavour on the bed-post overnight, but it certainly does not lose its adhesive properties. These prove a nightmare for transport authorities, street cleaners and even nightclub owners.

Perpetual Environmental, of Henley-on-Thames, has come to the rescue with GumAway, which uses citrus juices to soften the gum. It takes just a few seconds to soften the gum, which can then be peeled away and the surface washed down with water to prevent staining. GumAway is designed for use on both hard surfaces, such as floors, and fabrics. Perpetual Environmental: UK, 0491 417590.

## PEOPLE

## Tegner: on the Crest of a float

Ian Tegner says he has "four paid jobs and four unpaid ones". His latest paid post is to become non-executive chairman of Crest Packaging, which is planning its public flotation for the end of this month.

He adds that to his non-executive directorship of Arjo Wiggins Appleton, his independent directorship with Teeside Power, and his non-executive chairmanship of a company called Control Risks Group.

Tegner took early retirement from Midland Bank at the end of 1989, where he had been director of group finance. Before that he had been finance director of Bowater Industries between 1971 and 1985.

The joys of retirement for

Tegner are that "I only have to take on things that I have a real interest in". He is fascinated by the nature of the business of Control Risks Group, which, among other high-profile (but otherwise confidential) tasks, was responsible for the security operations involved in the liquidation of BCCI.

Control Risks advises companies and individuals on preventing risks, but it also handles responses when trouble - such as "product extortion", or blackmail related to tampering with products - breaks out. The company recruits its staff largely from the armed forces, police and fire services, "all of which provide sufficiently for people to retire at an age when they still have plenty of

energy" to do other things, says Tegner.

It's clearly a philosophy he endorses; his four "unpaid" jobs all require energy. He is on the board of the English Touring Opera company - "I say we are the Helmsmen of the opera world, taking opera to parts of the country it normally never goes", of Macintyre Care, a charity assisting people with educational disabilities; of the Argylshire Gathering, which organises bagpipe competitions and highland games in Scotland; and of the Countryside Trust, which exists to help urban children understand the operations of the countryside.

He sees his interest in Crest - subject of a management



buy-out from Bowater in May 1985 - as being a continuation of the central theme that guides his activities these days; get involved with what you find interesting, whatever that might be.

### Non-executive directors

- Sir Oliver Wright, a former ambassador to Washington and a director of The Savoy Hotel and General Technology Systems, at ENVIROMED.
- David Anderson, a director and general manager of Yorkshire Building Society, has resigned from BWD SECURITIES following Yorkshire's sale of its stake in the company.
- Robert Walther, investment director of Clerical Medical Investment Group, at The FLEMING CLAYHOUSE Investment Trust.
- John Lusher at LISTER & CO.
- Robert Paine, deputy chairman of Scholes Group,

as chairman at BRITISH BUILDING & ENGINEERING APPLIANCES.

■ Harry Hemens at HUNTERPRINT.

■ Ian Gibson (below), chief executive of Nissan Motor Manufacturing (UK), at ASDA GROUP.



■ The Hon Sir Angus Ogilvy has retired from The RANK ORGANISATION.

■ Victor Clements, a partner at Moores Rowland, at WILLIAMSON TEA HOLDINGS.

■ John Mackenzie at SEET having retired as md.

■ John Robertson has retired from SENTRY FARMING GROUP.

■ Sir James Birrell, recently retired chief executive of the Halifax Building Society, at SECURICOR GROUP.

■ Alan Dean, executive director with North West Water Group, at ISA INTERNATIONAL.

■ Tony Vice, non-executive chairman of Bowthorpe and director of Dewhurst, at CIA group.

### A fresh slice

From snacks to sandwiches could be the motto of David Garman, currently managing director of KP Foods UK, a division of United Biscuits. For he is moving to Associated British Foods, where from November 1 he will be managing director of Allied Bakers, a division of UB.

Twenty years with United Biscuits, Garman, 41, says he is looking forward to running a business with some of the most famous brand names in the rather unglamorous world of bread, Sunblest, Vite, Allison are all familiar names, and Garman - a history graduate of King's College, London University - will be working hard to build on their powerful past associations.

Garman has been in charge of KP Foods' UK operations, which have a turnover of some £400m annually, since January this year. He says he was tempted to move to Allied Bakers by the increased scale of the operations he would be handling. Allied has been considering the appointment for the past 18 months, following the death of Allied's previous managing director, Henry Jackson, in a car accident.

"United Biscuits has a very good reputation for management development and training, and I have a wide experience gained from being involved in a number of the group's operations. But the size of the challenge at Allied, the characteristics of the market, encouraged me to move across," says Garman.

If only everything in life was as reliable as the FT Germany Survey.

Gone are the days when the German economy could make the same claims as its motor industry.

Unification, cutbacks, looming elections and racial tension now point to a rather unpredictable future.

The Financial Times Survey on Germany will be published next Monday. It will look at political and social upheaval, and how this changing country plans to retain its position as Europe's economic leader.

FT Germany Survey.

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ARTS GUIDE

مكتبة







The morning after the night before, the mood at Lloyd's was better yesterday than could have been expected when work began earlier this year on rules to allow corporate investors into the insurance market for the first time.

Wednesday's landslide vote by Lloyd's Names, the individuals whose assets have traditionally supported underwriting, in favour of the rule change signalled a fundamental shift by the 300-year-old market. Blue-chip banks and securities houses now plan to launch at least 16 new Lloyd's investment trusts, with the aim of raising more than £1bn from institutional and retail investors. The money will be invested in equities and gilts, but also used to back Lloyd's syndicates. Though the appetite of investors might not be as great as some corporate financiers hope, Lloyd's can expect to raise at least £500m.

The decline in Lloyd's capital base, which seemed inexorable only 12 months ago, has been halted. Next year, capacity - the amount of business that can be accepted for a given amount of capital - should rise above £9bn, compared with £8.7bn currently. Heavy losses are expected when, over the next two years, results are published for 1991 and 1992, but confidence is returning; insurance rates are rising steeply in most sectors.

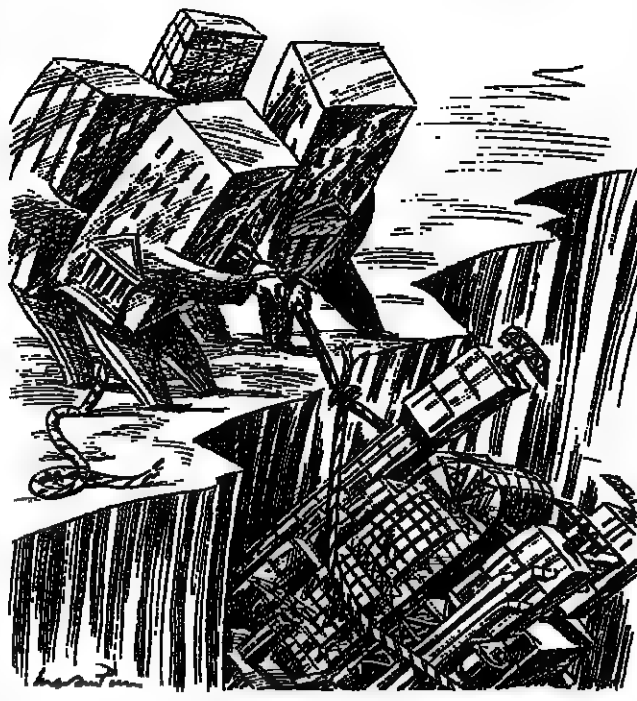
For instance, Mr John Charman, underwriter of one of the market's biggest marine syndicates, says his rates have increased by 80 per cent this year. "After many years of famine, Lloyd's is producing very strong underwriting profits," he told Wednesday's extraordinary general meeting. Mr David Rowland, Lloyd's chairman, and Mr Peter Middleton, chief executive, know, however, that euphoria would be misplaced. Still to be implemented is an ambitious plan announced in April to transfer billions of pounds of potential asbestos and pollution claims into a new reinsurance company, with the aim of "ring-fencing" the liabilities to protect new investors.

They have also promised to reach an out-of-court settlement with thousands of loss-making Names whose legal actions are still outstanding. Failure would mean years of litigation.

On both these counts, however, the market's prospects are brighter than Mr Rowland and Mr Middleton would have thought possible a year ago. Corporate investors recognise

## Back from the abyss

Richard Lapper on the revival of confidence in Lloyd's



that totally ring-fencing the old US asbestos and pollution claims may prove difficult, but are prepared to accept this as a commercial risk. During the summer Sir Laurie Magnus, who has led work on a Lloyd's investment trust launched by Samuel Montagu, the merchant banker, was worried about the uncertainties. But now he is more pragmatic: "We're not worried now. There is a risk but we have to take a commercial judgment."

Mr Michael Heslith, a director at Barclays de Zoete Wedd, has told potential investors in CLM Insurance Fund, which BZW is sponsoring, that the risks they face at Lloyd's from US pollution and asbestos claims are no greater than those involved in buying shares in some UK and US insurance companies, which are exposed to many of the same claims.

At the same time, the scale of Wednesday's vote in favour of Lloyd's plans on corporate membership demonstrates that dissident loss-making Names do not have enough support to dent confidence in the market. Mr Michael Desny, the chair-

man of the Goode Walker Names Action Group, the biggest group of loss-making Names, is sceptical about the chances of an out-of-court deal and is still intent on "suing the pants off Lloyd's". But he acknowledges that Mr Rowland and Mr Middleton have won the confidence of many embittered Names.

There are also reasons for Lloyd's to be optimistic that the problems of the last five years, when losses totalled more than £9bn, will not recur. Corporate members and individual Names, who continue to underwrite without any limit on their potential losses, are beginning to diversify risks by making smaller commitments to more syndicates.

Four out of five members' agents - which handle the affairs of individual Names - next year plan to introduce "Members' Agents' Fooling Arrangements", which will spread the commitments of Names more widely. Financial Intelligence & Research, a consultancy monitoring Lloyd's syndicates, expects Maps to supply £5.2bn in capacity in 1994, more than half

the market total. Corporate investors are also more likely than individual Names to make greater demands on agents and syndicates, reinforcing moves towards greater professionalism in the market. Mr Chris Hinchings, analyst with UBS Global Research, says: "Corporate investors are not brighter than Names, but they are managing other people's money and this does require them to undertake a basic exercise in screening investments for those whose demise would be indelibly embarrassing."

Yet some pessimists see new problems arising out of this week's successes. Over the past 18 months, with much of the market short of capital, it has been relatively easy to press the case for cost-cutting and greater professionalism. But the expected inflow of capital could make it harder to persuade underwriters to accept lower salaries or conform to quality standards.

Worse still, with capital abundant, some underwriters may be tempted to reduce their rates to win business, raising the spectre of the fierce rate wars that proved so damaging in the late 1980s.

Agents who manage syndicates say that already they are unable to accommodate all the potential interest of corporate investors. "There is now a large excess of supply of capital over demand," says Mr Paul Archard, of the Murray Lawrence agency.

Mr Robert Hiscoc, deputy chairman of the market who oversaw plans to bring the corporate capital to the market, agrees that some attitudes have begun to change. "The cockiness is back. A few arrogant underwriters are slipping back into their old habits. Some underwriters tell him they intend to increase their charges for corporate members," says Mr Hiscoc. "I tell them: 'The lifeboat has just come in and you want to charge it to land?'"

Lloyd's had already taken some steps to prevent a repetition of its mistakes, unveiling contingency plans in April to limit the amount of corporate capital that would be allowed to enter the market. At the time, there was little expectation that such a mechanism would be needed.

If too much capital is attracted for the market to absorb, however, Mr Rowland may have to invoke such powers - or the revival in confidence may foreshadow an unpleasant hangover for Lloyd's.



Here is a news item: "German thugs stab Turk at petrol station, jolt his German girlfriend". Here is another: "Gang of nine Germans, one a girl, savagely beats 17-year-old Turkish boy, leave him for dead". Here is a third: "Turkish child, 15, stabbed to death by neo-Nazis at Hamburg bus stop".

The lesson is clear. You can not trust the Germans. They always revert to type. Oh yes? The above headlines have all been doctored. The attacks they describe did take place, but not in Germany, and not on Turks. The perpetrators were British, the victims black and Asian British youngsters. The natural German response to such events in their own country is a resurgence of angst, the natural British reaction is to snuggle down under a blanket of complacency.

After all, they - the Germans - are the known racists. Who won the war? We - the British - are the most humane and liberal of the earth's peoples. Phooey. The number of racial "incidents" reported to the police - the British police - rose from 4,383 in 1988 to 7,793 last year. The actual number is far higher. Many blacks and Asians are too sceptical, or too afraid, to make an official complaint. Responses to the British Crime Survey suggest that there are now 140,000 racial attacks a year in England and Wales alone. It does not matter that some or many of these may have been "minor"; the point is that their cumulative effect is to make certain neighbourhoods unsafe for a segment of the population. A few are unsafe in the extreme. There were 10 racial murders in Britain last year, putting us

second in Europe after Germany. Some interpretations of the statistics put the home of liberal democracy first.

Britain's complacency is partly explained by electoral behaviour. Continental Europeans are more likely to vote for openly xenophobic parties than are their offshore cousins. In one German state, Hesse, the Republican vote in March was 7.9 per cent. In France Mr Le Pen's candidates attracted 12 per cent in the first-round vote of the March election. The recent victory of the British National Party in a council by-election in a deprived inner-city area is meaningless set against such figures. A more appropriate comparison is with the April 1992 general election. The average BNP vote in the dozen or so constituencies it contested was 1.2 per cent; as a share of national votes cast its score was 0.02 per cent. Psephologically speaking, this is Monster Raving Loony party territory.

The explanation for the apparent sophistication of Britain's voters is well-known. The main parties have a tacit understanding with the electorate. They will eliminate non-white immigration, by supporting laws that reduce it to the barest minimum that humane treatment of family connections will allow. Race relations legislation is in place to protect the British-born immigrant population. In return, voters abstain from supporting openly racist parties.

What is not so clear is the connection between the presence of the BNP office in Well, south London, and the rise in the number of serious racial

assaults and murders in the surrounding area. What is even murkier is what is to be done if there is a provable connection. Angry - scared - blacks and Asians who marched towards Welling last weekend want the racist party closed down. That is not the British way. It is, rather, to allow the BNP to speak and campaign, and to prosecute anybody who assaults anyone.

This is probably not good enough. Much depends on how hard the police try to protect non-white citizens. "Racial attacks will not be tolerated," said Mr Michael Howard, the home secretary, in his celebrated leading-from-the-right speech to the Conservative

### It is beyond question that the protection of black and brown British subjects must be higher on the government's agenda

party conference in Blackpool on October 8. I wish I could say that the Conservatives cheered, stamped their feet, clapped and whistled. They did not. "We are all, rightly, dismayed at events such as the recent sickening attacks on young Asian and black men," Mr Howard told the Jewish welfare organisation B'Nai B'rith last week. He also deplored "the election of a local council of a candidate whose very policies are an affront to the overwhelming majority of the British public".

Mr Howard must be given credit when it is his due. He gets plenty of stick when it is not. Strong signals from leading politicians should be part of an effort to isolate the skinheads. But if words alone could limit the threat of racial attacks the home secretary's statements would be the end of the story. We must hope that Mr Howard is thinking of more than declarations of outrage. He is due to visit Tower Ham-

lets, the scene of many racist crimes, this morning. His purpose is "fact finding", to establish whether the "community relations" policies he praised in his B'Nai B'rith speech need improvement.

They do. Local committees are being established, under the guidance of an interdepartmental Racial Attacks Group, chaired by the Home Office. We need more of them, with strengthened powers and sufficient resources. More targeted policing would help. This should reduce attacks and, as experiments in key boroughs have shown, the number of thugs caught - the "clear-up rate" - increases dramatically when a small police team is dedicated to the job.

Many Asians and Afro-Caribbeans want new offences of racial violence and harassment to be created. The Commission for Racial Equality, the Jewish Board of Deputies, and the Anti-Racist Alliance support this. I would like to, but remain puzzled. Mr Howard says that existing law deals with violent assaults, while the Public Order Act prohibits conduct intended or likely to stir up racial hatred. To require proof of racial motivation in addition to proof of assault might make convictions more difficult. Put that way, yes - but the police could get assault convictions on ordinary grounds. Judges could take racial motivation into account in determining sentence. This might deter some skinheads. Against that, certainty of conviction is a greater deterrent than length of sentence.

These are fine, arguable, details. What is beyond question is the need to place the protection of black and brown British subjects higher on the government's list of priorities. Telling ourselves we are not Germans will no longer suffice. I'd like to think that Mr Howard is aware of that.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Managed trade an 'assault' on system

From Prof Gary R Saxonhouse.

Sir, As a long-time student of the Japanese economy and a signer of the recent open letter sent by American economists to President Clinton and Prime Minister Hosokawa denouncing managed trade ("US economists attack 'myopic' trade calls", October 7), I was surprised to find C Fred Bergsten arguing in his letter (October 15) that his views on Japanese trade barriers had not changed over the past decade. That Mr Bergsten found Japan had trade barriers in the mid-1980s is hardly the issue. No one believes Japan has no trade barriers more than any serious observer believes the US or the European Community has no trade barriers.

The real issue is whether Japanese barriers are so distinctive that resort to what Mr Bergsten calls "unorthodox

policy responses" like voluntary import expansions (VIEs) are necessary. On this there can be no debate about the change in Mr Bergsten's position. In the 1985 study cited in his letter, Mr Bergsten, and his colleague William Cline, found that "...Japan shows no special aberration of low imports that might be attributable to high but intangible protection, after taking account of country size, natural resource endowment and transportation costs. And although the share of Japanese manufactures in Japan's total imports is low, there are good reasons of comparative advantage to expect this pattern."

Given the high regard in which he is held in policy circles throughout the world, Mr Bergsten should explain why he has changed his views, rather than strive unnecessarily

for consistency. Unhappily, Mr Bergsten's recent book, *Reconcilable Differences*, goes so far as to neglect the research done at the Institute of International Economics by him and his colleagues which supports his earlier views. By neglecting such work, Mr Bergsten's new book gives the impression that his new views regarding trade barriers are supported by the majority of careful studies of this issue. This is not the case at all.

Rather than changing his original views on Japanese trade barriers, Mr Bergsten could be better off revising his views on VIEs. Despite instruction from Professor Bhagwati's letter (August 23), Mr Bergsten still fails to grasp the analytical equivalence between VIEs and voluntary export restraints (VERs). In both cases, Japanese sales are being

restrained. VIEs restrain Japanese sales in the home market. VERs restrain Japanese sales in an overseas market.

In flat contradiction to what Mr Bergsten alleges, there is nothing in economics suggesting that when a home market is vacated, there will be more competition than when an overseas market is vacated. Indeed, under any reasonable assumptions about economic behaviour, VIEs, like VERs, will result in less competition and higher prices. Whether Republican (VERs) or Democratic (VIEs), managed trade is an assault on the international economic system as we know it.

Gary R Saxonhouse, professor of economics, University of Michigan, Ann Arbor, Michigan 48106-1220, US

## Trendy attitude of young Japanese is 'laziness'

From Mr Eiichiro Tokumoto.

Sir, As a 29-year-old Japanese salaryman currently staying in London, I read with great interest the feature on the changing work ethic in my home country ("More than the job's worth", October 16).

I welcome that Japanese businessmen now feel there is more to life - such as sense of achievement and satisfaction - than honourable sacrifice in the service of a big-name company. But not all of them could be labelled "corporate slaves". Some were "corporate fighters" who sincerely and voluntarily did their best to make their family, company and eventually country happier. I thank them and am proud of their hard work in the past 45 years which reconstructed war-devastated Japan, with few natural resources, as a major economic power.

I share the concern of Mr Kusunoki, of Tokyo University, that Japan's corporate strength, partly built on the devotion of my father's generation, might be weakened due to the new work ethic. What irritates me is that, recently, it seems trendy among the younger generation in Japan to have less aspiration for a career and more inclination for hobbies. Some even say hard work is out of fashion now.

This does not, as they claim, have anything to do with creativity or fairness. It is just laziness. They should not have less ambition for a job at a time of deep recession, but should aspire more to worthwhile jobs, to which they can show commitment. Eiichiro Tokumoto, 24 Arcadia Square, Old Castle Street, London E1 7NJ

## Inevitability of pit closures and tax rises on oil and gas

From Mr James S Cobbett.

Sir, In a letter published in the FT on March 31 I bemoaned the unequal treatment given to oil and gas exploration and production and the coal industry. At that time, in order to appease public opposition to pit closures, 140,000 of taxpayers' money had been given to British Coal, in a move said to "provide dramatic opportunities", while taxes on North Sea production were being increased to prevent "subsidising sub-optimal investment".

How inevitable, six months later, that government sources

are now suggesting that not one of the pits at risk may be saved.

How equally inevitable that increased taxes on oil and gas, albeit to consumers, are now being mooted to help the government out its present difficulties, which continue to be made worse by throwing cash down holes in the ground with no economically recoverable oil in change.

Plus ça change. James S Cobbett, 4 Arundel Close, Passfield, Liphook, Hampshire GU30 7RW

## BT should not be allowed to carry entertainment

From Mr EPO Mercer.

Sir, I can but applaud the stance taken in your leader, "Multi-media superhighways" (October 18), prompted by the proposed merger of BT and Bell Atlantic. I only wish that your newspaper applied the same principles to its analysis of UK telecommunications competition. If you did, I submit you would not have voiced support in the past for BT being able to carry Video-on-Demand (VOD) services. That is the UK equivalent of permitting the US Baby-Bells to link up with cable companies operating in their own area, which you rightly say would not lead to increased competition.

We are not in the US position of having two sets of strong local providers, each migrating into the other's business. Allowing BT to provide VOD is the equivalent of a Baby-Bell acquiring the cable systems in its own backyard. You would allow it the chance to use its power to dominate vision distribution as well as voice, and enhance its ability to prevent alternative networks from being built.

If one wants to encourage (or at least not discourage) competition in the provision of local loop services in the UK, I suggest that one has to restrict BT from carrying all entertainment services until the second networks provided by cable operators have grown to a sufficient strength and size.

It was thought the government had realised this and that the policy in its 1991 white paper was to prevent BT from conveying entertainment services and providing them until at the least 1998 and 2001 respectively. The effect of permitting VOD services to be provided by means of the BT main network, outside the framework in which the delivery of other entertainment services is regulated, cannot be helpful for the eventual goal of creating voice/vision competition in the local loop for the ultimate benefit of business and residential customers in the UK.

Edward Mercer, Allison & Humphreys, 40 Artillery Lane, Bishopsgate, London E1 7LS


## Charge cards also cost dear

From Dr Bimal Prodan.

Sir, Your report, "Paying with cash costs UK consumers £800m a year" (October 18), should have read "paying with cash costs UK banking sector (not UK consumers) dearly". Any notion of cost is the difference between two alternatives, here being the use of cards instead of cash. Paying with cards would be beneficial to the banks by increasing annual

membership income, charging retailers 4 per cent or more on sales revenues (ultimately paid by consumers), and tempting consumers to spend more by getting into debt. Perhaps there ought to be a study of how much charge cards cost UK consumers every year.

Bimal Prodan, Fellow, Templeton College, Oxford OX1 3NY



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# FINANCIAL TIMES

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Friday October 22 1993

## Bundesbank surprises

THE BUNDESBANK loves surprises. Virtually nobody expected yesterday's cuts of half a percentage point in the discount and Lombard rates, to 5.75 and 6.25 per cent, respectively. But most will welcome them, not merely in the shadow of the D-Mark or, like the Dutch guilder, closely tied to it, but further afield. Mr Kenneth Clarke can now lower UK interest rates with greater equanimity.

The easing of German monetary policy since the summer of 1992 has been substantial: the discount rate has fallen by 3 percentage points, 2½ percentage points in 1993 alone. These latest reductions, which will presumably be followed by money market rates, also mean that the Bundesbank is no longer just following the long-term rate of interest down the redemption yield on a 10-year government bond is at the low level, by historical standards, of just under 6 per cent, but the discount rate is below the bond rate, for the first time since early 1992.

Justifying the latest cuts, the Bundesbank's president, Mr Hans Tietmeyer, cited the stabilisation in the growth of broad money (M3) at only half a percentage point above the Bundesbank's ceiling of 6½ per cent. He also noted that the rise in the consumer price index has been running at an annualised rate of 2.4 per cent over the latest three months. In addition, the D-Mark has been strengthening since early summer, against other European currencies and also against the US dollar.

The Bundesbank is still casting

a wary eye on wage settlements and fiscal policy, but further reductions in interest rates are virtually certain. The disinflationary pressure in the German economy is substantial, with gross domestic product and industrial production now "bumping along the bottom". Meanwhile, recessionary conditions in Germany's main markets, the contractionary fiscal policy and the structural problems of German industry all mean that there is little, except monetary policy, to facilitate recovery. Short-term rates of interest may have quite a way to go.

Since stability remains the Bundesbank's watchword, the cuts will be cautious. But the monetary restraint in its major partners should continue to ease, even if too slowly to restore the old ERM. The Bundesbank's behaviour this year strongly suggests that dissolution of that system was an objective in its own right. The cuts since August could have been justified earlier, if the Bundesbank had wanted to do so.

Short-term real rates of interest in the European Community are at least moving towards levels at which recovery is conceivable. Even so, for countries like France they remain disturbingly high. They will continue to do so if these countries keep their currencies as close as possible to the D-Mark. Partly for this reason, recovery in the EC economy is likely to be slow and weak. That will be painful, even politically dangerous. But, with existing policies, it is also inevitable.

## Managing health

PLANS ANNOUNCED yesterday to slim down the management of the National Health Service in England should be seen as a tidying up of unfinished business rather than a further radical upheaval. Bureaucracy which has become unnecessary and wasteful following the government's health reforms of 1991 will be swept away. But the reorganisation of the NHS management structure leaves unresolved the problems of accountability of those who spend the enormous health budget.

Certainly few will mourn the passing of the 14 regional health authorities, to be abolished as soon as legislative time can be found. The RHAs are a hangover from the command structure necessary to administer the health service before the 1991 reforms. In the new internal market, decisions over the purchase of health services are devolved, largely to district health authorities. The hospitals and community health services which provide treatment are increasingly managed by independent trusts. A regional tier of management can only attempt to second-guess the decisions of these purchasers and providers.

Welcome too is the decision to encourage mergers between the district health authorities and the family health service authorities which administer the family doctor service. In the health service of the future, the distinction between the primary care currently provided by family doctors and the secondary care provided by hospitals will become increasingly irrelevant as more and more treatment is offered at local health centres. The new integrated purchasing bodies will be better able to assess local health needs and buy the most appropriate mix of services to meet those needs.

However, it is regrettable that Mrs Virginia Bottomley, the health secretary, has set her face against turning the NHS into an executive agency. Agency status would encourage a closer focus on managing the health service, with clear business targets and less interference from Whitehall. The reason Mrs Bottomley gives is that an agency would reduce parliamentary and public accountability. This is a strange argument to offer when the government has already created more than 80 agencies, all the while denying any loss of accountability.

It is also ironic coming from a government which refuses to address the problem of local accountability in the new decentralised NHS. The merged purchasing authorities will between them dispose of a budget of almost £20bn, more than half the amount spent by English local authorities. Yet their boards are made up of Whitehall appointees, with no direct accountability to the communities they serve. At the very least, they should be required to work closely with elected local authorities and to consult them on priorities. It would be better, however, if some of their board members were elected, either directly or indirectly through nomination of local authority councillors.

## Bosnia still

ON AUGUST 2 the North Atlantic Council announced that it regarded "the dire humanitarian situation in Bosnia-Herzegovina and particularly in Sarajevo" as unacceptable. It decided "to make immediate preparations for undertaking, in the event that the strangulation of Sarajevo and other areas continues... stronger measures including air strikes against those responsible".

Eleven weeks have passed, and the FT's correspondent reports (in Wednesday's paper): "Bombarding the city with artillery and mortars as well as targeting civilian areas with anti-aircraft guns, Serb chieftains, bolstered by their Croat counterparts and western indifference, are killing whatever spirit remains in the Bosnian capital." Sarajevo is still under siege. Most of its inhabitants are getting half or less of the 600 grammes of food which the UN regards as minimum daily rations. There is no gas, electricity or running water, and most families have already burnt their domestic furniture. Cold is expected to be the biggest killer this winter, yet by last week supplies of plastic sheeting and other materials for shelter had not begun to arrive. In other supposedly UN-protected "safe areas" the situation is even worse.

If this is not "strangulation" it is hard to imagine what would be. Yet Nato defence ministers have just been meeting, not to authorise air strikes but to discuss agreements with former Warsaw Pact members who look (one wonders why) to the alliance for protection.

They did find time to agree to stop blaming each other for their failure to end the war in Bosnia, and the US defence secretary promised a "substantial" contribution to a Nato force that would be deployed there if a peace agreement is reached. Few of his colleagues believe Congress would authorise such a deployment, after the Somalia debacle, but then none of them any longer believes peace will be reached before the winter.

More to the point was his offer of increased air drops of humanitarian aid. The priority now must be to help the inhabitants of Sarajevo and other enclaves to survive. But air drops will not be enough. What is required is an airlift. In 1948-49 over 2m tons of aid were flown in to Berlin in 10½ months. The blockade of Sarajevo has lasted longer, yet just over 60,000 tons have arrived so far.

The difference lies in the availability of supplies, of transport capacity and of secure airfields. All three depend on the political will of western governments. They have the food, they have the aircraft and they have the capacity to strike back if the Serbs or anyone else attempts to shoot those aircraft down. Similarly, the smaller enclaves can and should be relieved by road, if UN troops are ordered to force their way through roadblocks, as Security Council resolutions already authorise them to do.

It may be too late to save Bosnia. It is not too late - but it soon will be - to save thousands of individual Bosnians.

If Prime Minister Edouard Balladur pulls off a deal in the stalled General Agreement on Tariffs and Trade negotiations that includes at least some concessions for France, then he will probably want - and feel he deserves - to be the country's next president.

That is a tall order. Such a compromise would require placating all but the most extreme of French farmers and appeasing the cultural nationalists in his own RPR Gaullist party. It would also mightily relieve the all-too-allent majority of French industrialists and bankers who want wider markets for their high-tech products and services, and would ward off a European crisis that would deeply upset his centre-right UDF coalition partner.

He also faces other potential pitfalls. His chances of winning the presidency, if he decides to respond to pressure from his supporters to stand, would depend on pulling France out of recession and formulating a European policy that can fill a vacuum left by the summer's foreign exchange upheaval.

Success on Gatt, however, would be an historic step with a conservative government opening France to the world economy, just as 10 years ago its socialist leaders decided that France should sign up to the process that led to the European Community's single market.

Failure of the Uruguay Round on trade liberalisation, if planned on France would, besides damaging world trade, provoke a European political crisis, and almost certainly another European monetary crisis that would destroy France's hopes of breathing life into the newly-ratified Maastricht treaty.

"Gatt is a trap for France," says Mr Balladur bluntly, though without admitting that it is largely a trap of his and previous governments' making. For France to sign a Gatt accord on present terms would be seen as "a shameful compromise". Equally, its failure to sign would be seen as "dangerously isolating" the country.

So far, Mr Balladur has focused on ensuring that he himself is not dangerously isolated. This was why he devoted Monday and Tuesday to explaining his position on Gatt to a stream of leaders of France's political, business, union, farming, show-business, even academic worlds.

This very public show of consultation to defuse the threat of a crisis was very much in the style that Mr Balladur learnt when he was prime minister Georges Pompidou's minister in charge of industrial relations in May 1968. But Mr Balladur's public consultation had other aims. He won public pledges of support, most importantly from the leader of his own RPR party, Mr Jacques Chirac, who looks certain to be a candidate in 1995's presidential elections.

## A tall order to avoid the traps

David Buchan says Gatt as well as domestic economic policies could determine the race to the Elysée Palace



Prime minister Balladur has won an important show of support...

tial elections. But the secret was also a chance to impress upon France's movers and shakers the need for some compromise on Gatt.

One man needed no convincing of that. Mr Brice Lalonde, leader of *Généraliste Ecologie*, one faction of the Green movement, has proclaimed his readiness to campaign in favour of Gatt.

Yet Mr Lalonde, who lost heavily in the March parliamentary elections, hardly counts. Nor, in this context, does European Commission president Jacques Delors' recent warning that France is in danger of building itself a "Maastricht line" against Gatt, with about as much utility as that second world war defence. Most French regard Mr Delors as too implicated in the despised "Blair House" accord on farm trade which the Commission negotiated with the US.

But there are other signs of cracks in France's anti-Gatt consensus that will be useful to Mr Balladur's search for compromise. Not only are some media commentators beginning to question the wisdom of France going it alone on the Gatt; but this week an important fissure appeared in the staunchly anti-Gatt agriculture lobby. The head of France's wine and cognac exporters said "a Gatt failure would be a catastrophe" for his members who last year boosted the country's trade surplus by FF25bn. French wine exports - largely unsubsidised

and thus unaffected by Blair House constraints - have been hit by US retaliatory duties in the past, and might be again if Washington took a Gatt failure out on France. For its part, the French *Fédération employeurs* federation reminded the country this week that industry and services, which stand to benefit from a Gatt deal, provide more than 90 per cent of French jobs.

In contrast to his open airing of France's Gatt dilemma, Mr Balladur has stifled debate on domestic monetary policy, which is as much a trap for him as the Gatt. On the one hand, he knows that to let the franc slide sharply against the D-Mark would be to throw away the hard-won credibility France has earned in the eyes, if not of the markets, at least of Germany. The strategy of putting every "letter" of the Maastricht treaty into effect, hoping that one day its "spirit" will return, depends, Mr Balladur gauges, on pretending that the European exchange rate mechanism lives on in shadow form, at least for France. On the other hand, a drop in interest rates would guarantee a French recovery in 1994, which for the moment is only made likely by the government's cautious fiscal policy.

Mr Balladur is still living with his serious mistake in underestimating the depth of France's recession, and in cutting spending and raising taxes on arriving in power in April. This week the government revised



... from rival Jacques Chirac

its forecast of this year's contraction in the economy from 0.8 per cent to 1 per cent. Yet, an expansionary budget for 1994 would not have sat well with France's commitment to working out a joint economic convergence programme with Germany - to be presented for public relations purposes at next week's EC summit in Brussels. The 1994 budget will take the first steps towards shifting welfare charges off company payrolls and on to general taxation. Long term, this will reduce the cost of French labour, which should prise itself back into the market. But unemployment will probably go on rising into 1994.

For the moment, Mr Balladur's popularity, though declining from record levels, is still greater than that of his policies. A large part of the population still gives him the benefit of the doubt. In spite of much moaning in private, the *Patronat* this week backed the "measured" policy of the government moving towards short-term interest rates of 5-6 per cent, an expression of hope made more realistic by the Bundesbank's decision yesterday to cut rates.

Mr Balladur's privatisation programme has helped stoke unrest not only in Air France, where bitterly contested layoffs are necessary if the carrier is ever to be fit for sale, but also indirectly in France Telecom and the post office which are not on the list of state assets to be sold, but whose staff fear their utilities will one day be put on the auction block too. But private investors outnumber public sector workers. Judging by the low price set for shares in the sale of Banque Nationale de Paris, privatisation is being conducted so as to put a tidy profit in investors' pockets. That should make them happy to vote for Mr Balladur in 1995, if he wants to run for the presidency.

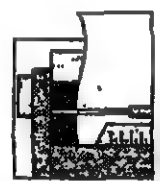
It is hard to see Mr Balladur resisting the lure of the Elysée - but not because he has any real difficulty with its present incumbent. He gets on well with President Mitterrand. Too well, some inside the ruling majority would argue, pointing out that he has let Mr Mitterrand hamper government attempts to reform school finances and asylum procedures, as well as the resumption of nuclear weapon testing. But the opinion poll evidence is conclusive that most French people give Mr Balladur more credit for falling in with Mr Mitterrand than to Mr Chirac for falling out with the president when the RPR leader was prime minister in the mid-1980s.

Equally striking is the poll evidence that Mr Balladur would, at the moment, beat any candidate for the Elysée in 1995, when Mr Mitterrand's term expires. In spite of consolidating his hold on the depleted Socialist party at its congress this weekend, Mr Michel Rocard is likely to pose little challenge to either Mr Chirac or even to ex-President Valéry Giscard d'Estaing, leader of the UDF. But opinion surveys show that both of the latter could be trumped by a wild card candidacy by Mr Delors, a centrist socialist.

For the moment, Mr Balladur eschews publicly any presidential ambitions. Nor has Mr Chirac formally declared his hand. The only visible tension between the two men is over their disagreement over the timing of the "real turning point" in French politics: Mr Balladur claims it came with March's elections, Mr Chirac says it will not arrive until 1995.

But the issues facing France may soon make the present truce untenable. For, Mr Chirac is closer to the farm lobby on Gatt, more sceptical on Europe, and more inclined to an expansionary economic policy than Mr Balladur. Failure by Mr Balladur to finesse Gatt, to orchestrate interest rate cuts and to bring the jobs rate down next year, would flush Mr Chirac out into open rivalry.

## The dangers of capital mobility



PERSONAL VIEW

The liberalisation of capital controls throughout the industrialised world is often seen solely as an advantage. However, mobility is very far from being an unalloyed virtue. Explosive growth in international financial transactions has added sizeably to the risk of economic instability. Aided by modern technology and growth in areas like derivatives, these transactions have increased so much in speed, scope and complexity that they vastly exceed the level of international trade in goods and services.

Untrammelled capital movements have been an important factor behind the two crises in the exchange rate mechanism in September 1992 and July-August 1993. More generally, they can give rise to a dangerous political vacuum.

It is an exaggeration to speak of an abdication of democracy in the face of anonymous, uncontrolled market forces. As Thomas Jefferson

said, banks can be more dangerous than standing armies.

Governments and central banks have a duty to respond to this challenge. The Maastricht treaty allows countries facing currency disturbances to re-introduce capital controls as a last resort. Such purely national measures are unlikely to be effective. However, governments should give thought to the idea of harmonised international controls to curb the activities of large-scale "players" on the markets.

Introducing EC-wide minimum reserves on banks' deposits or borrowings - a system already in force in Germany - would help control the process of money creation which often leads to speculative excess. Such a scheme could possibly be extended to other institutions.

Additionally, a tax on speculative currency movements, suggested recently by several international economists, could have a stabilising effect. The advantages far outweigh the technical difficulties and perceived negative side-effects.

Such a move would make speculators think twice before attacking

defensive walls erected by central banks and elected governments.

These measures could not be effective, however, if individual countries allow their financial institutions to evade national or community-wide restrictions by switching activities to "safe havens" and other off-shore centres.

One important reason for considering

**Governments should consider harmonised international controls to curb large-scale 'players'**

ering preventative measures of this sort is because, when crises arise, the authorities are invariably at a great disadvantage. Markets react almost instantaneously to events and perceptions. But official steps to counter financial operators' collective excesses require time for preparation and co-ordination.

Attempts to pre-empt monetary unrest through international co-operation - above all, stability-or-

entated economic policies, and improved financial supervision - must be given priority.

I support restoration of the previous narrow exchange rate mechanism bands, as well as, in due time, the return to the ERM of Britain and Italy.

However, we need to understand that, with the August crisis, a fundamental change has taken place. EC finance ministers have postponed indefinitely any return to the narrow bands, while Britain, in particular, looks unlikely to rejoin the ERM for the foreseeable future. The vision of passing to a single currency before the end of the century has been replaced by the much more sober notion of trying to make the new flexible ERM work in a manner which buttresses non-inflationary growth.

The ERM will still need protection from speculative attacks. To maintain realistic central rates, we need a somewhat modified application of the so-called *Basle/Nyborg* rules agreed in 1987. The main methods for maintaining currency stability should be intervention and interest rate measures, with the

possibility of realignments held in reserve as a last resort - for the period after narrow bands have been re-established.

Whether or not we one day have economic and monetary union, Europe, and the rest of the world, needs more monetary harmonisation. But governments must also assemble measures to avert the financial community away from anarchy. Such moves are in the best interests of all nations and, ultimately, of market participants. They are essential if we are to rebuild the economic confidence so badly bruised during the past year.

Wilhelm Nölling

The author, who was a member of the Bundesbank council and president of the *Hamburg Landeszentralbank* between 1982 and 1992, now teaches monetary and international economics at Hamburg university. He is the author of *Monetary Policy in Europe after Maastricht* (Macmillan, London, St. Martin's Press, New York).

## Alms and the man

Acts of God having played a fairly significant part in the fiscal saga of Lloyd's, it is appropriate enough that a brush with the monastic life seems to be becoming an accepted form of management training for exposure to the insurance market.

Lloyd's chief executive Peter Middleton came to the market with no knowledge of insurance, but was equipped no doubt with a certain discipline garnered from his off-remarked four years with a French monastic order in Devon.

But among the new vehicles revving on the starting pads after the membership of Lloyd's insurance market voted in their favour on Wednesday evening is Corporate Membership, whose managing director, Anthony Hamilton, spent a summer considering donning the habit at a Franciscan monastery at Cernus Abbas in Dorset. Middleton admits to not having been a very good monk; Hamilton says he was after "broader horizons".

The latter went on to study comparative religion at Edinburgh University, somehow convincing the Ministry of Defence to sponsor the endeavour. "If you want to understand military strategy, the Old Testament is as good a starting point as any," says Hamilton, who

spent 10 years in the Grenadier Guards before setting up management consultancy.

From there it was but a short step to Number One Lime Street. A Name for many years, but not one reduced to sack cloth, having cut back his exposure in the mid-1980s just when the allure of earthly riches seemed brightest. Hamilton is now taking his begging bowl around personal contacts in his endeavour to raise £20m in share capital for his latest venture.

## Don't be vague

Chris Greig, managing director of Scotch whisky producer Invergowrie, remains cagey about the future now that his company has been all but swallowed up by Whyte & Mackay. Yesterday worth £12.5m, at least on paper, Greig may decide to put his feet up and devote more time to farm management. But should be tire of such diversions, the 59-year-old may wish to contemplate the exciting post-retirement life of a former boss.

After gaining his PhD in chemistry from the University of London, Greig's first job was in the research and development division of The Distillers Company working for - Magnus Pyke. The mad scientist whose desperate handwringing earned him the sobriquet of the human windmill was between 1965 and 1973 in the more sober employ of the Glenochil

## OBSERVER



'I see a day when there'll be fewer numbers than wise men'

Research Station in Clackmannanshire. It was not until turning 67 that the retired food scientist won the Pye award for the best newcomer to television.

## Forked tongue

Inhabitants of Sarajevo are unlikely to mourn the departure of Brigadier Vere Hayes, UN chief of staff in Bosnia, who became famous in August for his pro-Serb and anti-Muslim utterances. But what will they make of his successor, Brigadier Angus Ramsay? A visitor to UN headquarters, who ventured a

degree of sympathy for the Bosnian government's position, was astonished to find himself outbanned by the brigadier and subjected to a passionate diatribe to the effect that the newcomer could not possibly understand these people, whereas Ramsay did, and he knew they had been killing each other for centuries.

Ramsay explained that he grew up in Belgrade, where his father was a diplomat, and, in the words of the startled witness, "ranked on in Serbo-Croat to prove it".

## Slipping

The Confederation of British Industry thinks the Accounting Standards Board is acting too quickly in churning out new financial reporting standards, but its own criticisms demonstrate anything but nimble footwork. The arguments might have had a point two years ago, but the ASB has already changed its ways to extend consultation periods and experiment before making its standards mandatory, just as the CBI appears to want.

Anyway, the rival Hundred Group of leading finance directors somewhat stole the CBI's thunder several months ago in calling for greater co-ordination and phasing of publications. An "overload group" has already been established that embraces all the different standard-setting bodies. Moreover, the CBI is suffering

considerable memory lapse. It attacks the ASB for producing so many standards, yet three years ago it was calling for the body to tackle many of these very topics.

## Fall out

Tough times in Switzerland, where the government's austerity programme is cutting to the quick, namely into its citizens' nuclear fallout shelter building allowance. Through the 1980s, subsidies ran on average at over SF100m a year, though they dropped back to SF95m last year.

The government is not prepared to admit that the need for such shelters has abated. Rather, it justifies the cutback to a maximum of SF40m a year with the observation that shelters now exist for 80 per cent of the "permanent resident population". Something to think about when planning your next trip to the Alps.

## To a turn

If all the recent brouhaha about the Kuwait Investment Office, or the role of Kuwait Petroleum Corporation in the purchase of BP shares, gave anyone the impression that books were being cooked somewhere, the National Bank of Kuwait appears to have confirmed their worst fears. In its latest quarterly bulletin is a new section entitled "Baking and Finance".



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# FINANCIAL TIMES

Friday October 22 1993

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## Bland lead the bland as Commonwealth meets

Michael Holman in Limassol on the leaders' conference

WITH all the pomp and ceremony of the Eurovision song contest, the Commonwealth conference got under way yesterday.

Proceedings at Nicosia's international conference centre were occasionally enlivened.

Australia's Paul Keating had a go at the French over the General Agreement on Tariffs and Trade, Malaysia's Mahathir Mohamad again complained about the west's handling of Bosnia. But for the most part, the bland led the bland, with milestones marked and friendships forged.

There may after all be something to be said for a gathering of world leaders in which the highlight promised to be an expedition by Mr John Major, Britain's prime minister, of his views on trade negotiations.

He is due to take the stage for his star turn at a closed session this afternoon in Limassol.

The prospect may have unsettled many delegates, but if the youngest of the 35 heads of government on the platform had any fears about the ordeal ahead, he

did not show it.

But one would expect nothing less from a soldier.

All the same, exposure to the rigours of a Commonwealth conference must have made His Excellency Captain Valentine Strasser, the title accorded him in the official conference handbook, rue the day he staged a coup in Sierra Leone.

The 27-year-old dictator who seized power last year has already come under savage attack in the Commonwealth's annual report: his coup was a "serious setback" to democracy.

The conventions of the Commonwealth mean that neither Capt Strasser nor his country were mentioned by name, but it is the club's way of warning a member that he could be black-balled if he behaved really badly.

Then Capt Strasser had to endure a moving opening session which must have tested the tolerance of the most hardened democrat on the flag-bedecked platform in Nicosia's conference centre.

Lights dimmed and spotlights focused on a children's choir

singing the Beatles' "Give Peace a Chance", with a solo from a George Michael look-alike. Capt Strasser has promised an early return to democracy.

But moving through it was something was missing. It was supposed to be a day for looking forward, giving the Commonwealth a cutting edge. Instead it became a day for nostalgia.

Familiar faces were missing. Dr Hastings Banda, Malawi's nonagenarian life president, is in South Africa recovering from brain surgery.

Since then, Zambia's Kenneth Kaunda has had democracy thrust upon him and lost his presidency.

"I also miss Lee Kuan Yew, I miss Julius Nyerere... (long pause) I even miss Margaret Thatcher," said a senior Commonwealth official wistfully.

And delegates recalling past acrimonious rows that gave so much pleasure may well get round to another admission: they also miss apartheid.

Focus on Gatt and rights, Page 5

## Moscow review may force bank closures

By Leyla Boulton in Moscow

DOZENS of Russian commercial banks could soon be closed down or restructured as a result of a sweeping review being undertaken by the central bank, the country's new banking supervisor chief said yesterday.

Mr Dmitry Tulin, deputy governor of the central bank, said the 22 troubled Moscow commercial banks whose operations were suspended two weeks ago, were just a small part of a nationwide problem. The central bank stopped refinancing them after they exceeded its five-day overdraft limit.

That number of 22 may increase enormously after the analysis we are going to conduct," Mr Tulin said, speaking a week after assuming the supervision job in addition to his responsibility for foreign exchange operations and domestic securities.

Mr Tulin plans to focus on banks whose overdrafts with the central bank are due to "serious financial problems", as opposed to fraud by clients or Russia's inefficient payments system.

Such banks would either be bailed out, offered to bigger institutions or, for the first time in Russia's post-Communist history, closed down. "The withdrawal of licences and liquidation are very new to us, so we'll have to cross a minefield of hidden problems on this road."

Mr Tulin plans to examine the first bank failure today. He describes the case as typical, with the bank's founders having borrowed Rb4bn from the central bank, converted it into \$4m, sent it to "an exotic offshore location" and then disappeared.

There are almost 2,000 banks in Russia's banking sector, but 100 of them account for two-thirds of all banking business.

Restructuring has so far been delayed as a result of lax monetary policy, which has been tighter since the suppression of the parliamentary rebellion, and by the difficulties of supervising a sector open to fraud and crime.

A first step towards restructuring was taken from July 1, when a minimum capital requirement of Rb100m came into force. But even after banks had been given six months' notice to comply, 807 institutions still did not meet the minimum requirement.

## THE LEX COLUMN

## Tietmeyer makes his mark

It is tempting, amid the surprise surrounding yesterday's Bundesbank rate cut, to conclude that something fundamental has changed with the installation of Mr Hans Tietmeyer as president. To do so might be a mistake. The discount rate cut was both large and unexpected, but the money market repurchase rate is being cut by a mere 27 basis points. That suggests a shift in style rather than substance - and a wait before the bank is again moved to cut official lending rates.

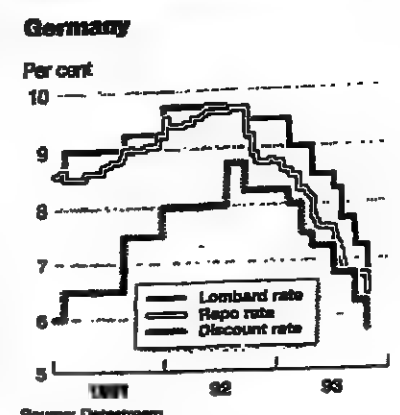
Considering the cogent way in which Mr Tietmeyer explained the decision - money supply under control, third quarter output flat and inflation looking good in the last three months - it is curious that so few pundits had forecast a cut. One explanation is that Mr Tietmeyer was trying to earn the markets' respect by surprising them. In this regard he looks more a man of the world than his predecessor. He may also be more inclined to take the exchange market into account.

It is not just the pressing doubts about France's ability to hold out without rate cuts. The Bundesbank cannot be indifferent to pressures on the Belgian franc, given Luxembourg's threat to sever its connection with that currency. This would complicate matters for Germany, which has a large banking presence in the Grand Duchy. Finally, a little encouragement to other European countries to cut their interest rates might just help boost flagging demand for German exports. Mr Tietmeyer may be trying to offset recent D-Mark appreciation, but he needs support at home. It will be awkward if next week's inflation figure, at which even he can presently only guess, turns out disappointing.

### Invergordon

The deal between Fleming Investment Management and Whyte & Mackay may demonstrate that Chinese walls can operate effectively, but Invergordon's management will not draw much comfort from that. Having fought off a bid from Whyte two years ago with the aid of Robert Fleming merchant bank, Invergordon was always at risk. But for the company's independence to be carried off by a combination of the over-supply in the whisky market and the investment performance demands of one of Robert Fleming's close associates is a hard fate. Presumably it is also mildly embarrassing for Fleming, and any future explanations of the benefits of

FT-SE Index: 3188.3 (+32.0)



Source: Datastream

Integrated houses to potential clients will make interesting listening.

Still, for all that, the takeover makes sense. Invergordon's strength in whisky distilling and own label scotch naturally complement Whyte and Mackay's mid-market brands and bottling capacity. Since Invergordon is a fairly spare organisation and there is little overlap between the two companies, rationalisation benefits will be small. But the two combined should be able to manage a more effective marketing effort than either singly. Whyte has also timed its intervention well. Over time Invergordon should prove good value to Whyte, provided it manages its acquisition well. Given that the bid is effectively decided, it would be in the interests of the business for Invergordon's directors to use whatever influence they have left to bring the agony to an end quickly.

### Unit trusts

The humble unit trust has long been due an overhaul. The complex system of bid and offer pricing does not encourage public understanding and is a fundamental barrier to export. Rigid rules covering fee structures and investment strategy have put a block on innovation, notwithstanding the introduction of futures and options funds in 1991. Unsurprisingly, London has been losing out to easy-going financial centres such as Dublin and Luxembourg. The Securities and Investments Board deserves credit for trying to hurry the process of change. The problem is that many of SIB's proposals carry a cost for unit trust managers. Single pricing would make it more difficult for them to make prof-

its by holding units on their own account ready for resale. Charging investors when money is taken out of trusts - rather than front-end charging as the current rules demand - would squeeze managers' cash flow as business expands. Big managers usually cover their costs from annual fees and could stand this strain. Neither are they reliant on own-account profits to make ends meet. Smaller managers might feel the pinch.

The European Community directive on collective investments should encourage a sense of urgency. The introduction of continental style open-ended investment companies is not far off. These vehicles will surely have to carry a single price, making them saleable from Manchester to Madrid. Without reform the unit trust might look outmoded by comparison.

### US airlines

The good news is that the US airline market appears to be bouncing back after incurring collective losses of more than \$4bn last year. The fare wars which disfigured the market last summer have been abating; both American Airlines and Northwest Airlines have just reported rare third-quarter profits. The bad news is that US airlines may still lose about \$2bn this year. The market remains fragile. Even the few profitable airlines are making highly unsatisfactory returns.

Traffic has been recovering slowly - particularly on long haul flights - while airlines have continued to cut costs. Several carriers have also reduced capacity by retiring aircraft early, deferring deliveries and slimming down schedules. Low fuel prices have also helped. However, progress will be slow. There remains too much capacity in the market for this stage of the cycle. Several loss-making carriers, which should have expired, have emerged reinvigorated from Chapter 11. Meanwhile, Southwest Airlines is unsettling some bigger rivals by operating cut-price services. Continental, too, is now experimenting with this cheap and cheerful approach.

Sadly, USAir, in which British Airways has a significant investment, has not yet benefited from the upswing, incurring a \$177.5m third quarter loss. USAir is heavily exposed to the volatile short haul market and has been squeezed by Southwest. For the moment BA is sanguine because it receives a fixed income on its preference shares. It remains a disconcerting trend nonetheless.

## Balladur calls on Air France ground staff to end strike

By John Riddling in Paris

MR EDOUARD BALLADUR, the French prime minister, yesterday urged striking Air France employees to return to work as riot police moved to block protesting workers from runways at the two main airports in Paris.

Making his first comments on the strike which has crippled air travel to and from Paris for the past three days, he said the industrial action threatened serious damage to the national airline.

The strike also reflects a dilemma facing the French government, which wants loss-making public sector companies to be restructured but is anxious to avoid protests against large-scale job cuts and the country's rising unemployment rate.

Reflecting this delicate balance, Mr Balladur emphasised that Air France's austerity plan, which envisages 4,000 job cuts by

the end of next year, would be implemented with a minimum of forced redundancies. However, he described the plan as vital for the survival of the airline which lost FF3.8bn (\$870m) in the first half of this year.

Mr Balladur expressed complete support for Mr Bernard Attali, the chairman of Air France, who announced the airline's restructuring plan last month. But he said he had asked Mr Bernard Boisson, the transport minister, to ensure that sacrifices demanded of Air France employees were shared equally.

As well as protesting against the job cuts, Air France ground staff are fighting reduced overtime payments. They say they are being treated more harshly than pilots and cabin staff. Mr Attali, who estimates that the strike is costing Air France about FF70m per day, has said he is determined that the plan will be implemented without changes.

Air France was again forced to cancel hundreds of flights to and from Paris yesterday. Riot police managed to clear runways at Charles de Gaulle and Orly airports, but striking ground staff, blocked many of the roads to the airports for several hours. French television reports said several Air France workers had been hurt in clashes with riot police.

The protests are being spearheaded by two union federations, Force Ouvriere and the leftwing Confédération Generale du Travail. The striking workers, who number several hundred, have closed runways and prevented passengers reaching the airport.

A spokesman for Aeroports de Paris, the French airports authority, said the likely situation today was unclear. He added that foreign airlines remained much less affected than Air France and flights continued to land yesterday at both Orly and Charles de Gaulle airports.

## Thai telecom flotation

Continued from Page 1

Mr Veeravat Kanchanadul, TA vice-chairman, said the money raised would be used for telecom communications projects in Thailand, China and Indochina which would make the group a "world telecommunications giant".

TA recently raised \$1.9bn in project financing for its \$3.2bn contract to install 2m new telephone lines in Bangkok. Using its

existing equity, the company does not need the new funds for the basic Bangkok project but will deploy them for what it calls "value-added" services, as well as for telecommunications projects elsewhere.

TA plans to take a stake in a satellite launch venture for China and to install 100,000 lines in Ho Chi Minh City, Vietnam, and at least 200,000 lines in China's Hubei province.

## UK criticised over aid

Continued from Page 1

early as 1987 when a World Bank report concluded that Malaysia should concentrate entirely on gas-fired electricity generation until the turn of the century, all technical advice to the government pointed to the project being uneconomical.

In 1989, after price rises in the project cost, the latest of a series of economic appraisals by the

Overseas Development Administration, which manages the UK aid programme, concluded the project would be "a very bad buy" and a burden on Malaysian consumers.

The report says: "The ODA found the project... would result in Malaysian consumers paying over £100m more for electricity over its 35 year life than if the money were invested in an alternative."

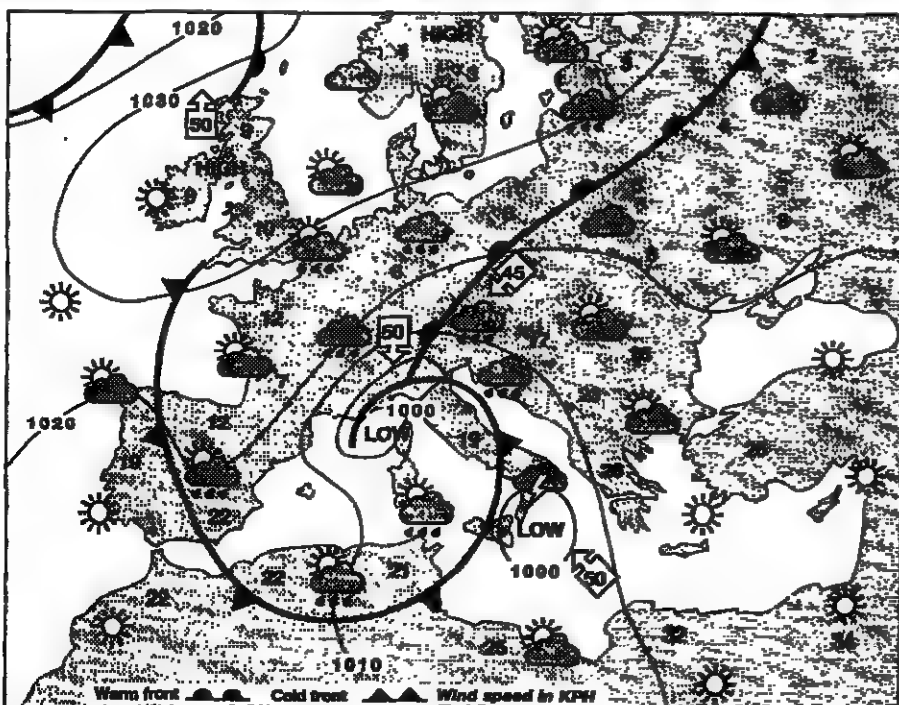
## FT WORLD WEATHER

### Europe today

High pressure will extend its influence from the British Isles to Scandinavia resulting in sunny and cool conditions. Norway will be mainly cloudy and Sweden will be sunny. A cold front associated with complex low pressure over northern Italy will produce heavy showers in the eastern Alps and southern Italy, where thunder is likely. The front will reach over northern Tunisia, Algeria and Spain causing thunder showers. The depression will mean strong breeze in central Europe, especially in the Rhine Valley where the wind will be near gale force. Portugal and western Spain will have sunny spells while south-eastern Europe will continue sunny and warm. Between the high pressure and the depression over the Alps, it will be mainly cloudy with outbreaks of rain.

### Five-day forecast

The British Isles will remain under high pressure and should stay settled with sunny spells although some rain may arrive in the north on Saturday. High pressure over Scandinavia will move east, followed by low pressure bringing unsettled conditions. The heavy showers associated with the low pressure over the Alps will move slowly east, but Greece will continue mainly dry and sunny.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Metro Consult of the Netherlands

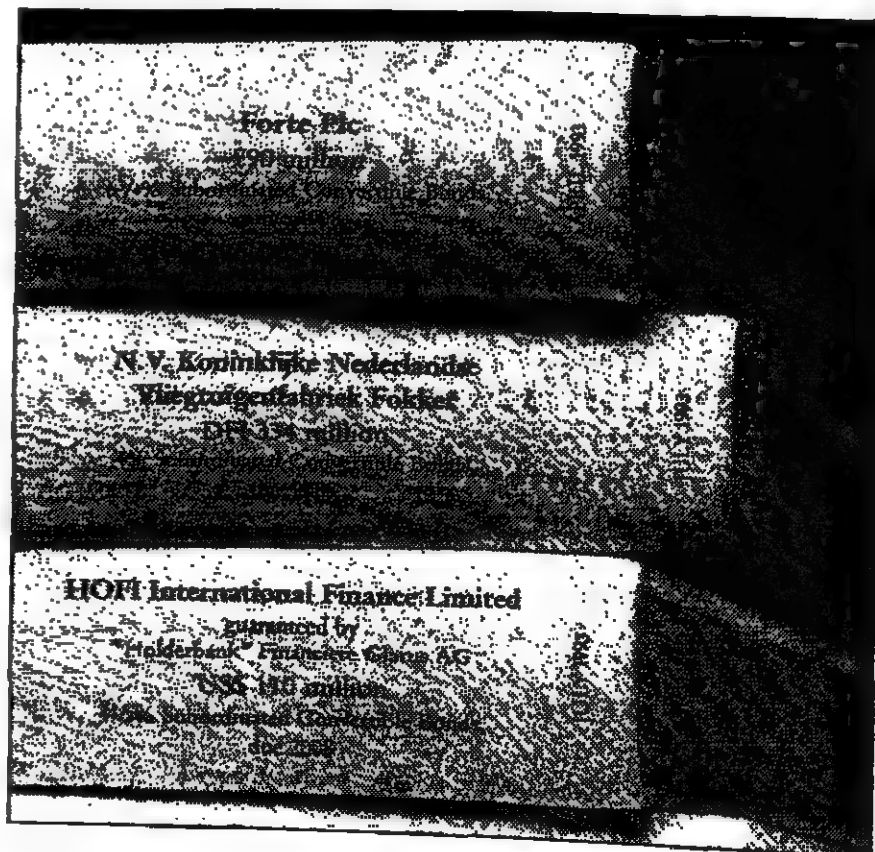
### TODAY'S TEMPERATURES

	Maximum	Minimum		Maximum	Minimum		Maximum	Minimum
Abu Dhabi	37	28	Frankfurt	10	7	Moscow	10	7
Algiers	30	20	Glasgow	10	7	Munich	10	7
Amman	30	20	Hamburg	10	7	Naples	10	7
Athens	25	18	Heidelberg	10	7	New York	10	7
Bahia	25	18	Hong Kong	28	25	Osaka	10	7
Bangkok	25	18	Honolulu	28	25	Paris	10	7
Barcelona	25	18	Istanbul	28	25	Perth	10	7
Beijing	25	18	Jersey	10	7	Prague	10	7
			Karachi	28	25	Rangoon	28	25
			Kuala Lumpur	28	25	Reykjavik	10	7
			Lima	28	25			
			Lisbon	10	7			
			London	10	7			
			Luxembourg	10	7			
			Madrid	10	7			
			Manila	28	25			
			Mexico City	28	25			
			Moscow	10	7			
			Mumbai	28	25			
			Nairobi	28	25			
			Rangoon	28	25			
			Seoul	10	7			
			Singapore	28	25			
			Sydney	10	7			
			Taipei	28	25			
			Tokyo	10	7			
			Toronto	10	7			
			Ulaanbaatar	10	7			
			Vancouver	10	7			
			Wellington	10	7			
			Yokohama	10	7			

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\*Source: Securities Data Corp.



## INTERNATIONAL COMPANIES AND FINANCE

## Bankers Trust soars to \$310m

By Richard Waters  
in New York

AFTER-tax profits at Bankers Trust soared to \$310m in the third quarter, nearly 25 per cent higher than the previous three months. The sharp rise was the result of continued volatility in international financial markets and the bank's strong position in the derivatives business.

Earnings per share, at \$3.71, exceeded market expectations and compared with \$2.97 a share in the second quarter, when it earned \$251m after tax, and \$1.90 a share against

\$188m after tax a year ago. Trading revenue jumped by \$187m, or 77 per cent, from \$431m.

The majority of this growth resulted from risk-management products sold to clients rather than proprietary trading, said Mr Charles Sanford, chairman. Trading-related profits were also behind the reported \$52m increase in the bank's net interest income, which rose to \$364m for the quarter.

Most other operations also recorded solid gains. Income from fund management and custody services rose by \$35m to \$183m, while fee and com-

mission income was up \$33m to \$198m.

Higher bonuses stemming from the record results meant that Bankers Trust paid out twice as much under incentive schemes and other benefit arrangements during the period than it paid in normal salaries.

Bonuses and other benefits paid to staff jumped to \$323m, from \$183m the year before. Normal salary payments rose only 8 per cent, to \$176m, suggesting the bank's cost base remained flexible and would shrink in the event of falling trading income.

Bankers Trust's trading results have remained more consistent during volatile market conditions than those of rivals such as Salomon Brothers, which depend more heavily on own-account trading to generate their profits.

The bank's return on equity reached 30 per cent during the quarter at an annualised rate, up from 25 per cent in the previous three months. Salomon, by contrast, made a spectacular 40 per cent (on a fully diluted basis) in the second quarter before plunging to 0.1 per cent in the latest three months.

## Prudential Securities in \$371m settlement

By Richard Waters

PRUDENTIAL Securities is to pay \$371m in a settlement connected with high-risk real estate and energy investments it sold during the 1980s.

It is the second-biggest financial settlement enforced by US securities regulators. The payout results from an agreement hammered out between the Prudential Insurance subsidiary, the Securities and Exchange Commission, securities regulators in 49 US states and the National Association of Securities Dealers.

The securities firm was involved in "massive misconduct" in the sale of investments in more than 700 so-called limited partnerships between 1980 and 1990, the regulatory bodies said. The partnerships - vehicles set up to allow groups of individuals to pool investments in property and energy ventures - were in many cases sold as low-risk investments, when in fact they involved large risks.

Some \$330m of the settlement will be paid into a fund for investors who lost money, while the rest will be distributed in fines to the securities regulators involved.

Any of the \$30,000 limited partnership investors who believed were misled by Prudential will have to file a claim before they can receive compensation.

The settlement exceeds the \$290m paid by Salomon Brothers after the Treasury bond auction scandal, but is less than the \$650m levied on Drexel Burnham Lambert.

The bulk of these settlements were in the form of fines, rather than compensation payments to investors. Prudential has paid out \$260m to groups of investors to settle claims arising from losses on limited partnerships.

Texas is the only state which did not participate in yesterday's deal.

It is pursuing a separate settlement over the sale of substantial property investments in the Dallas/Fort Worth area.

## Dow Chemical tumbles in spite of hitting target

By Karen Zagor in New York

SHARES in Dow Chemical tumbled 3% to \$56 in heavy trading yesterday morning in spite of on-target third-quarter earnings from the US chemicals group.

Analysts were at a loss to explain the stock's movement, given the 9 per cent decline in Dow's third-quarter net income to \$137m, or 50 cents a share, was what most analysts had predicted.

A year earlier, Dow posted net income of \$11m, or 55 cents. Sales in the 1993 quarter fell 8 per cent to \$4.57bn from \$4.75bn.

Mr Leonard Bogner, senior chemical analyst at Prudential Securities, said some investors were concerned by the company's large loss in Europe in the quarter.

He attributed Dow's poor European performance to seasonal factors and foreign exchange losses rather than a downward spiral in its European business. "Since the end of the third quarter, volumes have picked up and prices in Europe have improved," he added.

Mr Bogner cut his full-year estimates to \$2.50 a share from \$2.38, but maintained his 1994 estimates at \$3.50.

Mr Jeff Ganci, an analyst at Bear, Stearns noted Europe was particularly weak in the quarter but did not change his 1993 earnings projections of \$2.24.

During the quarter, sales for chemicals and performance products dropped 11 per cent to \$1bn while operating income plunged 31 per cent to \$78m. The company blamed falling

prices for caustic soda and magnesium for the poor performance of its chemicals and metals operations. Dow said performance products had higher profits in spite of lower sales in Europe.

Sales of plastics fell 8 per cent to \$1.6bn but operating income grew 41 per cent in the quarter to \$110m led by Dow's thermoplastics and fabricated products businesses in the US. Sales of hydrocarbons and elastomers rose 8 per cent to \$453m. The sector had operating income of \$12m, compared with an operating loss of \$3m the previous year.

Dow's consumer specialties group posted a 10 per cent decline in sales to \$1.5bn and a 27 per cent drop in operating income to \$16m. The company's pharmaceuticals business led the decline.

## Apple launch will not ease profit pressure

By Louise Kehoe  
in San Francisco

APPLE Computer's profit margins are expected to continue to decline, following the launch yesterday of several aggressively-priced Macintosh products.

Apple is aiming to lift its share of the personal computer market in the face of intense price competition.

The new Macintosh PCs include desktop models aimed at business and education customers as well as consumers, and two portable notebook computers.

Prices are 30 per cent to 35 per cent lower than existing models and in some instances less expensive than equivalent

IBM-compatible products.

This represents the sixth round of price cuts by Apple since April.

"Over the past five or six months we have dramatically changed our strategy. We used to have a higher priced, lower volume business model, but people are no longer willing to pay a premium for our technology leadership, so we have had to shift to a lower price, higher volume strategy," said Mr Ian Diery, executive vice-president.

"We have proved the price elasticity of the Macintosh market," Mr Diery claimed.

"In its recently completed fourth quarter, Apple reported a 21 per cent increase in revenues and a 30 per cent increase

in unit shipments," he pointed out.

However, Apple's gross profit margins have plummeted over the past year from over 40 per cent to less than 25 per cent.

With further price cuts, profit margins would continue to decline in the current quarter, the company said. In the latest fourth quarter net profits dropped 97 per cent to just \$2.7m.

Apple's inventories rose sharply in the fourth quarter, Mr Diery acknowledged. He said the increase, from \$580m in the same quarter last year, to over \$1.5bn, was partly explained by a build-up of stocks of the new products announced yesterday.

In an effort to avoid product shortages that limited Apple's ability to take advantage of strong demand in the fourth quarter, he said they had accumulated two to three times as many of the new products as it did before prior product launches.

However, Apple's bloated inventory included, a "significant" quantity of older products, he admitted.

The company has high stocks of notebook computers that it would try to sell at a heavy discount over the next few months, putting further pressure on profit margins.

If the discounts did not increase sales, Apple may be forced to take a write-off, analysts said.

## McDonald's advances 8% to \$311m

By Laurie Morse in Chicago

McDONALD'S, the international hamburger restaurant, reported third-quarter income of \$311m, or 81 cents a share, up 8 per cent from \$289m, or 79 cents a share earlier. Sales rose to \$6.2bn in the period, from \$5.9bn a year ago.

For the first nine months, operating income advanced to \$1.5bn, or \$1.18, from \$1.4bn, or \$1.09 for the same 1992 period. The company's nine-month sales were \$17.4bn, up from last year's \$16.1bn.

The company has added 576 restaurants so far this year.

## Mobil up 40% in third quarter

By Karen Zagor

MOBIL, the big US energy group, outstripped market expectations yesterday by unveiling a 40 per cent jump in underlying third-quarter earnings, reflecting increased oil production and higher sales of petroleum products.

Net income for the quarter was \$666m, or \$1.63 a share, compared with \$418m, or \$1, a year earlier.

Excluding one-time net gains of \$63m in the latest quarter and a special charge of \$26m a year earlier, Mobil said operating earnings rose 40 per cent to \$612m, or \$1.50.

Mobil's US marketing and refining operations earned

\$139m in the quarter, compared with a loss of \$18m a year earlier. The company attributed the improvement partly to better industry margins.

Overseas, marketing and refining brought in earnings of \$15m, up \$130m, led by a strong performance in the Pacific Rim.

Results in Europe were better than last year, but continued to reflect the impact of recession.

Cost cutting measures also helped earnings.

Mobil's domestic exploration and producing earnings fell \$36m to \$110m. A sharp drop in crude oil prices was only partly offset by higher natural gas

prices and lower administrative expenses.

International exploration and producing earnings dropped \$61m to \$255m reflecting lower crude oil and natural gas prices and reduced European natural gas volumes.

Earnings from chemicals slid \$15m to \$9m. The company blamed sluggish economies and industry oversupply for the low margins on polyethylene and films.

During the quarter, Mobil's corporate and other expenses rose \$11m to \$47m but financing expenses were \$10m lower at \$88m, reflecting a lower debt level and lower interest rates.

**BSN GROUP**

**BSN SALES**

**FOR THE FIRST NINE MONTHS OF 1993**

Consolidated sales of BSN in the first nine months of the year showed a 1.3% rise on the same period of last year at constant structure and exchange rates.

Food business (i.e., excluding containers) was up 2.6% overall on the same period of last year. Third-quarter beverage sales were affected by unseasonably cool weather in July and August. In September, there was a significant improvement in almost all BSN businesses.

Restated for constant structure and exchange rates, period-on-period changes in sales of individual divisions were as shown below:

Dairy products	+5.4%
Grocery products & pasta	+1.4%
Biscuits	+1.0%
Beer	-2.3%
Mineral water	+3.3%
Containers	-8.5%
Group total	+1.3%

Reflecting the devaluation of several European currencies, consolidated sales of the BSN Group amounted to FF52.7 billion in the first nine months of 1993, down 3.1% from the FF54.4 billion recorded in the same period of 1992.

Sales by division were as follows:

(in FF million)	1992	1993
Dairy products	19,262	19,284
Grocery products & pasta	9,833	9,741
Biscuits	10,057	9,555
Beer	5,351	5,229
Mineral water	4,227	4,212
Containers	5,200	5,187
Intergroup transactions	55,490	53,808
Group total	54,431	52,743

Figures for the first three quarters include for the first time sales of French container subsidiary Verdome, consolidated since the beginning of the year, and of French mineral water subsidiary Volvic, consolidated as of July 1. At the same time, sales of mineral water under Italian brands "Sangemini" and "Fabbio", sold in mid-1992, and of Sepsroy, sold this year, are no longer included in 1993 figures.



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**Mortgage Backed Floating Rate Notes 2018**

**Notice of Partial Redemption**

S.G. Warburg & Co. Ltd. announces that Notes for the nominal amount of £4,600,000 have been drawn for redemption on 26th November, 1993, in accordance with Clause 5(b) of the Terms and Conditions of the Notes.

The distinctive numbers of the Notes drawn are as follows:

4	25	45	66	87	108	129	151	173	193
1214	1235	1257	1281	1304	1325	1348	1370	1397	1419
1439	1462	1485	1509	1530	1552	1573	1593	1615	1640
1661	1682	1703	1726	1746	1767	1788	1810	1833	1855
1876	1896	1918	1940	1961	1981				

On 26th November, 1993 there will become due and payable upon presentation of each Note drawn for redemption, the principal amount thereof, together with accrued interest to said date, at the office of:

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25 Abchurch Lane, London EC4N 3DF

or one of the other paying agents named on the Notes.

Interest will cease to accrue on the Notes called for redemption on and after 26th November, 1993 and Notes so presented for payment should have attached all Coupons maturing after that date.

£90,700,000 nominal amount of Notes will remain outstanding after 26th November, 1993.

22nd October, 1993

**NOTICE**

to the holders of outstanding

**US\$100,000,000**

**3.75% Subordinated Convertible Bonds due 2007**

of

**Samsung Electronics Co., Ltd.**

NOTICE IS HEREBY GIVEN to the holders of the Bonds that, as a result of the issue by the Company of 3,488,000 common stock described in the Notice given to the holders of the Bonds on September 10, 1993 the existing Conversion Price per share of preferred stock of the Company has, pursuant to the provisions of the Trust Deed constituting the Bonds, been adjusted from W26.218 to W26.809 with effect from 10th September, 1993.

October 22, 1993

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Notice is hereby given that for the interest period 20 October 1993 to 20 January 1994 the notes will carry an interest rate of 5.875% per annum. Interest payable on 20 January 1994 will amount to \$148,080 per \$100,000 note and \$1,480,800 per \$1,000,000 note.

Agent: Morgan Guaranty Trust Company

**JPMorgan**

**WOOLWICH**

**Building Society**

**ECU 150,000,000**

**Floating rate notes due 1996**

Notice is hereby given that the notes will bear interest at 7.525% per annum from 22 October 1993 to 24 January 1994. Interest payable on 24 January 1994 will amount to ECU196.49 per ECU100,000 and ECU1,964.96 per ECU1,000,000 note.

Agent: Morgan Guaranty Trust Company

**JPMorgan**

**HYUNDAI MOTOR AMERICA**

**US\$40,000,000**

**Floating Rate Notes due 1998**

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending 21st April, 1994 has been fixed at 5% per annum. The interest accruing for each six month period will be U.S. \$25.28 per U.S. \$100,000 Bearer Note and U.S. \$252.78 per U.S. \$1,000,000 Bearer Note and U.S. \$2,527.78 per U.S. \$10,000,000 Bearer Note on 21st April, 1994 against presentation of Coupon No. 3.

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19th October, 1993

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Union Bank of Switzerland  
London Branch Agent Bank  
19th October, 1993

**European Investment Bank**

**U.S. \$500,000,000**

**Floating Rate Notes due October 2002**

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending 21st April, 1994 has been fixed at 5% per annum. The interest accruing for each six month period will be U.S. \$25.28 per U.S. \$100,000 Bearer Note and U.S. \$252.78 per U.S. \$1,000,000 Bearer Note and U.S. \$2,527.78 per U.S. \$10,000,000 Bearer Note on 21st April, 1994 against presentation of Coupon No. 3.

Union Bank of Switzerland  
London Branch Agent Bank  
19th October, 1993

**ITL 150,000,000,000**

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**Floating Rate Notes due 1998**

Interest Rate 8.2125% p.a.

Interest Period October 21, 1993 April 21, 1994

Interest Amount due on April 21, 1994 per

ITL 5,000,000 ITL 207,504

ITL 50,000,000 ITL 2,075,396

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COVER INFORMATION



# ATT and MCI show sharp growth

By Martin Dickson in New York

AMERICAN Telephone & Telegraph (ATT) and MCI Communications, the two leading US long-distance telecommunications companies, yesterday reported double-digit growth in third-quarter earnings.

ATT reported net income up 11.4 per cent to \$1.07bn, or 79 cents a share, compared with \$963m, or 72 cents, in the same period of last year. Revenue rose 3 per cent to \$16.6bn.

MCI reported earnings of \$174m, or 30 cents a share, against \$154m, or 29 cents, in the same period of last year.

Excluding a one-time charge of \$18m because of tax law changes, earnings per share rose by nearly 14 per cent.

Both sets of figures were broadly in line with market expectations.

ATT said revenues from the long-distance market, where it is fighting to maintain its 60 per cent market share, were little changed on a year ago, as customers switched to lower priced services.

Calling volumes were up 5.5 per cent from a year earlier and long-distance profitability continued to be strong, showing a 2 percentage point increase in gross margins to 38.8 per cent.

The company's revenue growth was helped by an 8 per cent increase in sales of telecommunications products to \$317m, with strong growth outside the US.

However, NCR, the computer company acquired by ATT two years ago, which has been undergoing a senior management shake-up, continued to report poor results. Sales of products and systems rose 4 per cent, but it had an operating loss of \$46m, attributed to competitive pricing, particularly for personal computers, and a \$23m restructuring charge.

MCI reported 14.7 per cent growth in traffic, well above

the industry average, which it attributed to a raft of innovative long-distance services for business and consumer markets.

It added that a global joint venture with British Telecom, which agreed earlier this year to take a large stake in MCI, was moving ahead, though it still requires regulatory and shareholder approval.

For the nine months, ATT reported net income of \$3.1bn, or \$2.30, on revenues of \$48.7bn, excluding accounting changes, compared with net income of \$2.81bn, or \$2.11 a share, on sales of \$47.4bn last year.

## AMR posts second consecutive profit

By Richard Tomblin in New York

AMR Corporation, parent company of American Airlines, one of the biggest US airlines, turned in a second consecutive quarter of profit.

Net income was \$118m for the third quarter, compared with net losses of \$160m last time.

Mr Robert Crandall, chairman, said the profits were "insufficient, but a step in the right direction".

"While we remain far short of our goals, we are pleased that our continuing efforts to control costs and maximise revenue have begun to improve results," he said.

The company dismissed reports that it was seeking an alliance with Sabena, the Belgian national carrier. American Airlines is the only large US airline not to have secured a large alliance with a European partner.

American Airlines, like others in the US industry, has been dogged by tough competition from lower-cost operators offering cheaper fares. Last month it announced plans to eliminate 5,000 jobs and ground 11 of its DC-10 aircraft.

Net earnings for the first nine months are \$143m, compared with a loss of \$275m.

## Restructuring boosts Sears Roebuck in third quarter

By Laurie Morse in Chicago

SEARS, Roebuck, the US retail and insurance group, recorded the second most profitable third quarter in its history, as the restructuring and the divestiture of several businesses boosted its bottom line.

This is the third consecutive quarterly earnings improvement, after a record loss in 1992.

Sears reported consolidated net income of \$388.4m, or 98 cents per share, up from a consolidated net loss of \$853.8m, or \$2.30, for the third quarter of 1992.

Last year's third-quarter loss was primarily due to after-tax charges of \$1.3bn related to insurance claims against Allstate in the aftermath of Hurricane Andrew.

Income from continuing

operations was \$453.9m in the quarter, compared with a loss of \$992.3m in the same 1992 quarter.

Third-quarter results include a \$81m favourable income tax adjustment, which was partly offset by a \$65.5m extraordinary charge related to the company's call of a \$300m, 7 per cent deep-discounted bond.

Consolidated revenues in the quarter fell to \$12.7bn, from \$12.8bn a year ago, reflecting the divestiture of Sears' catalogue operation and several merchandising operations.

Since spinning off the balance of its ownership in Dean Witter, Discover in June, Sears' continuing operations include its merchandising group, 80 per cent ownership of Allstate Insurance, and its property group, Homart Development.

The merchandising group reported third-quarter income of \$215.2m and revenues of \$7.3bn, compared with last year's loss of \$49.4m on sales of \$7.7bn.

Allstate's income was \$260.9m, against a loss of \$845.8m, and revenues improved to \$6.3bn, from \$5.07bn in the third quarter last year.

Homart Development continued to show a loss, at \$5m in the quarter, compared with last year's loss of \$3.2m.

For the first nine months, Sears recorded consolidated net income of \$1.8bn, or \$4.73 per share, against a loss of \$2.1bn, or \$5.84 for the first three quarters of 1992.

Sales for the nine-month period were only marginally lower, at \$36.2bn, compared with \$37.3bn a year ago.

## ITT reports rise in income and sales

By Martin Dickson

ITT, the US conglomerate, more than doubled third-quarter net income to \$252m, or \$1.91 a share, from \$113m, or 80 cents a share, on sales down from \$5.5bn to \$5.2bn.

But last year's third quarter was distorted by an after-tax gain of \$62m on the sale of a stake in Alcatel, an after-tax charge of \$75m for insurance losses and \$95m in hurricane insurance losses.

The latest period included an after-tax restructuring charge of \$20m and a \$22m tax benefit.

## Microsoft starts year firmly

By Louise Kehoe

MICROSOFT, the leading personal computer software company, reported a 20 per cent increase in first-quarter revenues.

Net income for the quarter was in line with expectations at \$238m or 79 cents a share, up from \$208m or 70 cents in the same period last year.

Revenues rose to \$383m from \$318m a year ago. Those from software sold to computer manufacturers were particularly strong, representing 36 per cent of the total, said Mr Mike Brown, Microsoft's vice-president of finance and treasurer. For fiscal 1993, these

OEM sales represented 19 per cent of total revenues.

In the first quarter, sales of operating systems software accounted for 35 per cent of revenues, up from 32 per cent in the same period last year. Applications programs sales were 59 per cent of revenues, down from 60 per cent.

Microsoft said changing software buying patterns have lifted sales of its suite of office software products.

Whereas individual standalone applications products once generated the bulk of applications unit sales, the Microsoft Office, combining word processing, spreadsheet, presentation graphics, data-

base management and electronic mail is its most popular applications product.

More than 2.5m units have shipped worldwide.

Earlier, Microsoft executives had warned analysts that the increase in sales of suites of programs, together with the rise in OEM sales was expected to slow revenue growth in the future.

In the fourth quarter of fiscal 1993, Microsoft's revenues rose 27 per cent, while net profits were up 20 per cent.

During the quarter, Microsoft began shipping its most advanced operating system product, Microsoft Windows NT.

## BZW launches index warrants

By Conner Middelmann

BZW Securities yesterday launched the first listed warrants that allow investors to trade the spread between the German DAX stock index and the French CAC40 index. The DAX closed at 2048 and the CAC at 2199.7 yesterday, bringing the spread to 151.7 points.

The gap was at 124 points when the warrants were

issued, but widened after the Bundesbank cut its key rates by ½ point. The move is expected to spark near-term French rate cuts, and so spur the French stock market.

In recent weeks, the DAX has outperformed the CAC, causing the spread between the two indices to narrow, close to its 96-point low for the last two years. The warrants are aimed at investors who expect the

French index to outperform its German counterpart and expect the spread to widen rapidly to over 200 points.

The warrants, which expire on December 21, were issued at DM60 and closed at DM70 bid. One warrant entitles the holder to receive an amount in D-Marks equivalent to the difference, if positive, between the spread of CAC40 over the DAX and the strike of 144.

### NEWS DIGEST

#### Cigarette wars hit American Brands' income

AMERICAN Brands, the US tobacco and consumer goods group, has emerged as another victim of the cigarette price war as it reported a slump in third-quarter net income to \$85m from \$202.7m in the same period last year, writes Richard Tomblin.

Price cutting in the domestic market led its American Tobacco subsidiary to turn in an operating loss of \$38m for the quarter, including exceptional charges of \$60m for writedowns of stock values and restructuring, the company said.

Exchange rate movements on overseas earnings, particularly sterling, wiped \$28m off net income.

Third-quarter turnover fell to \$3.3bn from \$3.77bn, but the company said the figure would have been 1 per cent higher without the impact of exchange rate movements. Net income per share fell to 42 cents from 96 cents.

Net income for the nine months to September was \$292.4m, against \$350.5m.

#### Wang Laboratories to float NZ unit

WANG Laboratories, once a leading US maker of minicomputers and word processors, yesterday confirmed it planned to sell 70 per cent of its local subsidiary Wang New Zealand through a public flotation, writes Terry Hall in Wellington.

Mr Anthony Howard, Wang New Zealand's chief executive, said the announcement was being brought forward following speculation that Wang Laboratories intended to sell the subsidiary after it emerged from Chapter 11 bankruptcy protection last month.

#### Shake-up drives WMX to \$127m loss

WMX Technologies, the waste management and environmental group, posted a loss of \$127m, or 26 cents a share, in the third quarter, largely because of costs related to restructuring at its hazardous

waste subsidiary, Chemical Waste Management, writes Laurie Morse.

The loss compares with a \$218m, or 44 cents, profit in the third quarter of 1992.

Chemical Waste, 80 per cent owned by WMX, reported a \$358.9m net loss for the quarter after a \$363m after-tax charge for writing down assets and restructuring.

Chemical Waste's operations have been plagued by declining off-site hazardous waste volumes and overcapacity in the US hazardous waste incineration business.

For the nine months, WMX had income of \$289m, or 60 cents, 7bn, down from \$667m, or \$1.35, in the first nine months of 1992.

#### Johnson & Johnson advances by 9.7%

A LOWER effective tax rate led to a 9.7 per cent advance in net income at Johnson & Johnson during the third quarter, the US healthcare products group announced yesterday, writes Richard Waters.

Pre-tax earnings climbed by only 2.6 per cent, but after-tax profits jumped from \$414m, or 86 cents a share, to \$464m, or 96 cents.

The strong US dollar restricted sales growth to less than 1 per cent in dollar terms. Sales climbed by 7.1 per cent in local currency terms, but after translation into the US currency rose only to \$3.51bn, from \$3.48bn a year before.

#### CP Forest Products trims shortfall

CANADIAN Pacific Forest Products, one of North America's biggest newsprint producers, reduced operating losses sharply in the first nine months. It was helped by firmer prices for some products, greater efficiency and a lower Canadian dollar, writes Robert Gibbons in Montreal.

Operating loss was C\$81.3m (US\$69.5m) against C\$153.4m and the final loss after special items was C\$125m, or C\$2.16 a share, against a loss of C\$188.4m, or C\$3.20, a year earlier.

Sales were little changed at C\$1.4bn.

The third-quarter final loss was C\$12.3m, or 20 cents a share, compared with a profit of C\$97.5m, or C\$1.10, last time.

## Desjardins puts price of C\$625m on Laurentian

By Robert Gibbons in Montreal

THE C\$50bn Desjardins financial services group has fixed a price of C\$11.57 a share or a total of about C\$625m (US\$466m) to complete the takeover of rival Laurentian Group.

All Desjardins' financial services units, except its 1,300 credit union branches, mainly in Quebec, will be merged with the smaller Laurentian into Desjardins-Laurentian Financial, a holding company minority-held by the public.

This holding company, together with the credit unions, will have corporate assets and assets under management of almost C\$90bn, placing it among Canada's top five financial services groups.

It will also include Laurentian Bank.

The C\$11.57 per Laurentian share being paid by Desjardins will comprise C\$6.22 cash, plus stock or notes of the new holding company. The full offer goes out November 1.

The biggest Laurentian unit, Toronto-based Imperial Life Assurance, with half its business in the US, now becomes part of Desjardins.

Groups Victoria of France, a minority holder of Laurentian, will retain a smaller interest in the merged group, taking cash and stock in the holding company.

The merger is expected to close in January and the new holding company's stock will be quoted on the Canadian stock exchanges.

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Group	Volume (US\$billions)
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2. NationsBank	\$2,241
3. JP Morgan	\$1,407
4. Citicorp	\$7,454
5. Chase Manhattan Bank	\$4,489
6. Bank of New York	\$3,337
7. Bank of America	\$3,322
8. Barclays	\$9,011
9. Deutsche Bank	\$2,085
10. Credit Lyonnais	\$4,888

(Compiled from June 30, 1993) Source: International Financial Review July 1993

### EUROMONEY TOP 10 LEAD MANAGERS OF GLOBAL BONDS

Position	Lead Manager	Amount (US\$billions)
1.	GOLDMAN SACHS	6.33
2.	MERRILL LYNCH	5.88
3.	SALOMON BROTHERS	3.50
4.	NOMURA	2.98
5.	J.P. MORGAN	2.64
6.	INDUSTRIAL BANK OF JAPAN	2.51
7.	SCOTIAMCLEOD	1.86
8.	MORGAN STANLEY	1.53
9.	LEHMAN BROTHERS	1.00
10.	DEUTSCHE BANK	0.75

(Publishing month-end) 1992 to May 26, 1993 Source: Euromoney June 1993

### Risk Magazine 1993 rankings interest rate swaps

Rank	Number of swaps closed '93	% of total
1.	Bank of Nova Scotia	22
2.	Canadian Imperial Bank of Commerce	16
3.	Royal Bank of Canada	14

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## INTERNATIONAL COMPANIES AND FINANCE

## Nissan extends shake-up at troubled Spanish unit

By Michio Nakamoto and Kevin Done in Tokyo

NISSAN, the Japanese carmaker, is looking to restructure its Spanish subsidiary, Nissan Motor Iberica, further and cut the workforce by 18 per cent over the next two years.

It faces a further capital restructuring of the troubled Spanish majority-owned company, which is expected to involve a write-down of a significant part of its equity capital to comply with Spanish law on corporate solvency.

The heavy losses have wiped out a large part of the company's net worth, and the losses in the second half of the year are expected to equal the first-half deficit.

The Japanese carmaker had been planning to inject P100m (\$75.6m) in new equity into the company. However its room for financial action is

being severely constrained by mounting losses in Japan.

Nissan has asked its Spanish labour unions to consider a company proposal to eliminate a further 500 jobs in addition to the 600 it had already planned. It is also asking its unions to accept a wage freeze for 1994.

The moves by Nissan highlight the increasing difficulties Japanese carmakers face in western Europe, where new car sales have fallen by 16 per cent in the first nine months of this year.

Nissan, which was the first Japanese carmaker to start manufacturing in Europe, has recently announced it will also have to halve output at its Sunderland car plant in the UK. The company has already adjusted production in Spain by introducing an average of 11 extra holidays in October and November.

Nissan said production at its Spanish operations, which

made a P242bn loss in the first half of 1993, would fall by about 4,000 units to 86,000 units this year. Actual production between January and September came to 60,000.

In the UK, meanwhile, production plans have been revised down to 246,000 from the 370,000 forecast at the beginning of the year. Capacity at Sunderland is around 300,000 a year.

Nissan is facing severe pressure at home as well, where it is reducing the age for voluntary retirement to 45 from 50 in an attempt to cut its domestic workforce from 53,000 to 48,000 by 1995.

Like many other Japanese companies, Nissan needs to reduce the number of middle-aged white collar employees. Lowering the voluntary retirement age requirement for these workers to 45 would add another 1,000 employees to those already eligible.

## Fletcher Challenge floats farm business

By Terry Hall in Wellington

FLETCHER Challenge, the New Zealand energy and forestry concern, is to publicly float the oldest part of its business, Wrightson, the farm supply company founded in 1868.

Fletcher Challenge was formed from the merger in 1980 of Challenge Corporation, whose main asset was Wrightson, and the holding company Fletcher Holdings. Yesterday's announcement surprised New Zealand investors, as the farm servicing sector was always seen as a traditional and fundamental part of the business.

Fletcher Challenge's chief executive, Mr Hugh Fletcher, said Wrightson was an important part of the company's history. However, with its international growth, the parent now used only a small proportion of the company's funds.

Wrightson operates in such areas as woolbroking and rural real estate sales. Revenue for 1992-93 was more than NZ\$630m (US\$344.4m), excluding commission sales of NZ\$1.66m.

Mr Fletcher said the sale was not driven by Fletcher Challenge's balance sheet reduction programme, although the proceeds would be used to retire debt.

The Wrightson shares will not be made available to shareholders living in the US and Canada because of regulatory matters.

Mr Fletcher said that following the sale, Fletcher Challenge would concentrate on its three core businesses: energy, forestry and construction.

The float will be through a pro rata entitlement to existing shareholders. They will be offered the chance to subscribe for Wrightson shares at NZ\$100 for every 500 Fletcher Challenge shares held.

Fletcher Challenge also confirmed yesterday it would proceed with a flotation of its New Zealand retail outlets.

## Secrets of cultivating \$5bn in sales

Victor Mallet charts the growth of Thai group Charoen Pokphand

GUARDED by a team of security men on the 30th floor of his headquarters in central Bangkok, Mr Dhanin Chearavanont is overseeing the rapid expansion of Charoen Pokphand, the secretive multinational conglomerate that is already Thailand's largest business group.

According to its own, deliberately vague estimates, CP now embraces more than 200 companies, compared with 80 in 1979. Meanwhile, the number of employees has risen from 15,000 to between 50,000 and 70,000.

Sales have risen tenfold to reach about \$5bn in 1992, double the turnover of the state-owned Electricity Generating Authority of Thailand, the largest Thai company in Asia's magazine's annual list of the 1,000 biggest Asian companies.

The CP group does not figure on the list because it has no parent company - for tax reasons, according to Mr Dhanin - and only a fraction of its \$5bn of sales appears in the accounts of publicly-listed companies such as CP Feedmill in Bangkok and CP Pokphand in Hong Kong. The rest is attributable to the Dhanin family's private interests. The group's debt and profit figures are closely-guarded secrets.

Much of the expansion has come from CP's core agribusiness, especially in China. "We are confident that in five years we will be the first in agribusiness worldwide," said the 54-year-old Mr Dhanin.

His father and uncle migrated to Thailand from China in the 1920s and set up a vegetable seed store in Bangkok. The group has diversified and grown to become the largest

supplier of animal feed in Asia, and the fourth largest in the world, with 50 feedmills in nine countries and more than 100 poultry-breeding farms.

With its animal-breeding, feedmill and retail interests, CP pursues a policy of vertical integration in its agricultural businesses - "from the farmyard to the dinner table all the way" is the slogan - and stockbrokers tend to be wary of CP's listed companies because they cannot unscramble the relationships between the public and private sides of the group.

Mr Dhanin, however, does not restrict himself to chickens, prawns and pigs. The group already has a petrochemicals division and joint ventures in China brewing Heineken beer and making motorcycles with Honda technology. In Thailand, it has franchises for Makro, the Dutch wholesaler, and 7-Eleven convenience stores.

Earlier this year, CP launched a petroleum business group to refine and market fuels and open petrol stations in China, Thailand and Indonesia. TelecomAsia, another CP company, has meanwhile raised \$1.9bn to finance the installation of 2m new telephone lines in Bangkok with the help of Nynex of the US.

CP is expanding geographically, too. The company says it is investing in the Ukraine and looking at Russia, Kazakhstan and Burma.

In sectors where it has no obvious previous experience or technological skill - such as telecommunications and petrochemicals - CP's biggest advantage is its political clout.

## CP BUSINESS GROUPS

- Agro-industry
- Aquaculture
- Seeds, fertiliser, plant protection
- International trading
- Marketing and distribution
- Real estate and land development
- Petrochemical
- Automotive and industrial products
- Petroleum
- Telecommunications

## LISTED COMPANIES

- Shanghai Ek Chor China Motorcycle (New York)
- CP Pokphand (Hong Kong)
- Orient Telecom and Technology Holdings (Hong Kong)
- CP Indonesia (Jakarta)
- Charoen Pokphand Enterprise Taiwan (Taipei)
- Sam Fortune (Bangkok)
- Charoen Pokphand Feedmill (Bangkok)
- Charoen Pokphand North-eastern (Bangkok)
- Bangkok Produce Merchandise (Bangkok)
- Bangkok Agro-industrial Products (Bangkok)
- TelecomAsia Public Corp (listing on Bangkok exchange approved)

especially in countries such as China, Indonesia and Thailand, where ethnic Chinese businessmen like Mr Dhanin predominate.

Such influence can be controversial. Mr Anand Panyarachun, a previous Thai prime minister, accused government officials in charge of Thailand's telephone line expansion project of corruption after they awarded the job of 3m new lines to CP. He farmed out 1m lines to another consortium, leaving CP with the 2m they are presently installing.

Mr Dhanin says he takes a hands-off approach to CP's various projects and simply hires the best people to do the work. However he rejects the suggestion he is merely a middleman who receives a percentage for directing foreign technology into difficult markets.

"CP is a project manager and not a middleman," he said. "We are also an investor. As a project manager you have to seek people or companies with the right technology."

"Many people harbour the misunderstanding that we have a lot of influence over high-ranking officials. If that was so, Thailand's frequent changes of government would have put us in deep trouble. It's just that we choose the projects that answer people's needs."

In spite of CP's wide geographic spread (it has subsidiaries in the US, Portugal, the Netherlands and Turkey as well as in Asia), the key to the group's future lies in China, where Mr Dhanin has plans for everything from satellite launching to power stations and property developments.

Unlike some investors in China from the ethnic Chinese communities of south-east Asia, Mr Dhanin's group of companies, with feedmills at the forefront, has penetrated far beyond the booming southern provinces into China's heartland.

"Investment in China is our biggest target," he said. "Our formula for investing in developing countries is to try to be the first."

Quoting an Asian proverb about risk and opportunity, he said: "It is said that if you don't go into the tiger's cub, you won't get a tiger cub."

## New products help Kao lift profits sharply

By Emilio Terrazono

KAO, a leading Japanese household products maker, saw a firm rise in profits for the first six months to September, in spite of a sharp fall in consumer spending due to the prolonged economic slump.

The company attributed its profit rise to firm sales of new products and a realignment of production lines. Non-consolidated pre-tax profits for the first half rose 8 per cent to Y22.9bn (\$213m) on a 3.5 per cent rise in sales to Y315.7bn. After-tax profits increased 4.1 per cent to Y19.1bn.

However, its balance on financial items deteriorated due to redemptions of warrant bonds.

Kao's personal care and cosmetics division saw a 4 per cent rise in sales to Y114bn due to strong demand for new products. Sales of detergents rose 2.7 per cent to Y123.9bn, while hygiene products increased by 5.9 per cent to Y37.8bn. Sales of chemicals and floppy disks rose 4.2 per cent to Y27.6bn.

## Firm prices bolster Anglo American gold

By Philip Gawth in Johannesburg

A FIRMER gold price, offset by a modest production performance, helped the Anglo American group, the world's largest producer, increase available profit by 7.2 per cent to R269.2m (\$80.36m) in the September quarter, from R351.1m a year ago.

Mr Clem Sunter, chairman of the gold and uranium division, attributed the lower-than-expected increase to the high base of the June quarter.

The previous quarter was really outstanding. It was difficult for us to improve on that, but we have done it and that's due to the gold price," he said.

Gold production was lower at every mine in the group compared with the June quarter, and fell overall by 3 per cent to 66,773kg from 67,803kg. This contributed to a rise in unit costs at all mines, with the average across the group 7.2 per cent higher at R28.930 per kg against R26.982 per kg. The average revenue for the

quarter rose 8.2 per cent to R39.320 per kg from R36.327 per kg.

The group also announced yesterday that its Free State operation, Freegold, would be developing a new R540m shaft. The new shaft, to be known as Freddie's No 4, will produce an estimated 106 tonnes of gold during its 19-year production life-span.

It is expected to yield 80,000 tonnes per month, at an estimated recovered grade of 7.34 grams/tonne. The shaft will reach full production in 2002.

The best performer in the group was Freegold, where available (after-tax and capital expenditure) profit rose to R121.4m from R109.5m. Vanl Reef suffered the effects of an underground sit-in during the quarter, and profits fell to R63.8m from R70.7m.

At Western Deep Levels, profits rose to R42.5m from R38.1m. At Elandsrand, they increased marginally to R29.4m from R28.7m. Ergo, the dump treatment operation, made a R12.1m profit.

## Anglovaal subsidiary in R393m rights issue

By Philip Gawth

TARGET Exploration, a subsidiary of the Anglovaal group, has announced details of a R393m (\$117.3m) rights issue. The proceeds will go towards the preparation of an area which may be developed as a R1.5bn gold mine.

The rights issue follows an initial exploration effort which has produced encouraging results.

It comes in the wake of a firmer trend in the gold price in recent months which

has prompted South Africa's mining houses to re-examine some of their potential mines.

If Target's next phase of development confirms the promise of early exploration work, it may open a 135,000-tonne-per-month mine, costing R1.5bn with a life of over 20 years and a recovered ore grade of 11.58-8.86 grams per tonne.

Target's lease area is in the Bothaville gap, an area of the Orange Free State between the existing Welkom and Klerksdorp goldfields.

Target's main shareholders, Anglovaal and Anglo American, are both supporting the issue. They will provide R310m. The balance of R83m will be underwritten by Anglovaal.

After the rights issue, Anglovaal's shareholding will fall to 49 per cent from 56 per cent, while Anglo American's will rise to 30 per cent from 17 per cent.

Loraine gold mine, which holds 17 per cent of Target, will not be following its rights. These will be designated, at cost, to its shareholders.



## Frankfurt's Baers on the move.

Bank Julius Bär (Deutschland) AG, the German arm of one of Switzerland's foremost private banks, is changing address. Starting Monday, October 25, we shall be operating from Frankfurt's famous MesseTurm, offering a comprehensive range of asset management and securities trading services.

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D-60061 Frankfurt am Main

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Telefax (69) 7 43 25 11  
Telex 413 081

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BANK JULIUS BÄR  
(DEUTSCHLAND) AG  
A MEMBER OF BSA

## THE KOREA-EUROPE FUND LIMITED

International Depository Receipts  
Issued by  
Morgan Guaranty Trust Company of New York

## ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of The Korea-Europe Fund Limited will be held at 10.00 am on Thursday, 11 November 1993 at Barclay House, 15 St. James's Avenue, St. Peter Port, Guernsey, Channel Islands, to consider and, if thought fit, pass the following resolutions, which will be proposed as Ordinary Resolutions:

1. That the Report of Directors and the Accounts be adopted
2. That a Final Dividend of 1.50 cents per share be declared, payable on 18 November 1993 to shareholders on the register as at 26 October 1993.
3. That Mr John A. Dore be re-elected as a Director of the Company.
4. That Mr Jeremy Hill be re-elected as a Director of the Company.
5. That Mr Joong-Woong Kim be re-elected as a Director of the Company.
6. That Mr Bernard Simon-Barboux be re-elected as a Director of the Company.
7. That Mr Hyun Dong Kim be elected as a Director of the Company.
8. That Mr Milton S. Kim be elected as a Director of the Company.
9. That KPMG Post Marwick be re-appointed as Auditors of the Company.
10. That the Board be authorized to agree the Auditors' remuneration.

Register of Offices:  
Barclay House  
15 St. James's Avenue  
St. Peter Port  
Guernsey

By Order of the Board  
Schroder Investment Management Limited  
Secretary

## Voting Arrangements for IDRs-Holders

IDR-Holders who wish to vote must follow the procedure explained hereunder:  
IDR-Holders must deliver the IDRs to the Depository at the latest on 8th November 1993 at the address given below (attention: Securities Department - telephone 508 56 62 - telex 21772 MORBES BE), instructing the Depository as to the manner in which votes should be cast, and indicate to whom the IDRs should be returned after the meeting.

Or instruct EUROCLEAR or CEDEL to block the number of shares for which they want to vote on their behalf.

Copies of the Annual Report of the Company are available at the Depository's address as indicated below:

Depository: Morgan Guaranty Trust Company of New York  
25 Avenue des Arts, B-1040 Brussels, Belgium.

## Notice of Redemption to the Holders of BankAmerica Corporation

U.S. \$50,000,000

Floating Rate Senior Euro Medium-Term Notes, Series D with a Maturity Date of August 21, 1995

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Article Eleven of the Indenture dated as of July 15, 1988 between BankAmerica Corporation (the "Company") and First Trust of California, National Association, as successor trustee, and pursuant to the terms of the above-referenced Floating Rate Senior Euro Medium-Term Notes, Series D (the "Notes"), the Company has elected to redeem the entire outstanding principal amount of the Notes on November 22, 1993 (the "Redemption Date") at a price equal to 100% of their principal amount, together with accrued interest to the Redemption Date.

Payment will be made on the Redemption Date upon presentation and surrender of the Notes at the office of the paying agent at the following address:

Bankers Trust Company  
1 Appold Street  
Broadway  
London EC2A 4HE  
England

On and after the Redemption Date interest will cease to accrue on the Notes.

BankAmerica Corporation  
By: First Trust of California, National Association, as Successor Trustee

October 22, 1993

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or Anne Whitby  
Tel: 071-734 7172  
Fax: 071-439 4926  
G RUSSELL, Member

## ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)  
Registration No. 01/0539006

## NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER ISSUE OF NEW COUPON SHEETS

Notice is hereby given to holders of share warrants to bearer that new sheets of coupons Nos. 122 to 151, inclusive, with talons attached, may be obtained after Monday 22 November 1993 against surrender of talon No. 2 detached from share warrants to bearer at the following addresses during normal business hours:

- |   |  |   |
|---|--|---|
| Swiss Bank Corporation<br>Postfach 6<br>CH-8021 Zurich<br>Switzerland   | United Bank of Switzerland<br>45 Bahnhofstrasse<br>CH-8001 Zurich<br>Switzerland | Credit du Nord<br>Service aux Emisseries de Titres<br>34 rue des Mathurins<br>75008 Paris<br>France |
| Banque Bruxelles Lambert<br>avenue Marnix 24<br>B-1000 Bruxelles<br>Belgium   | Generale Bank<br>Montagne du Parc 3<br>B-1000 Brussels<br>Belgium                | Banque Glaciere SA<br>Laurentius 5A<br>14 rue Aldegring<br>L-2991 Luxembourg                        |
| Banque Internationale à Luxembourg SA<br>Immeuble L. Independance<br>99 route d'Esch<br>L-2953 Luxembourg-Ville<br>Luxembourg |  | Barclays Bank PLC<br>London Counsel Services<br>145 Fenchurch Street<br>London EC3P 3BP             |

Talon listing forms are available at the abovementioned offices.

Holders of share warrants to bearer are reminded that such warrants are of value and should not be destroyed or surrendered. Upon receipt of the new talon and coupon sheets it is recommended that they be kept in safe custody together with the relative share warrants to bearer.

Holders are further reminded that coupon no. 121, the last coupon on the previous coupon sheet, was used in order to claim entitlement to rights to listed on Friday 24 September 1993 and consequently coupon no. 121 is of no further value.

22 October 1993

London Office:  
19 Charterhouse Street,  
London EC3N 6GP

## Commonwealth Bank Australia

Commonwealth Bank of Australia ACN 123 123 124  
(Successor in law to the State Bank of Victoria)

U.S. \$125,000,000

Undated Capital Notes

For the six months 21st October, 1993 to 21st April, 1994 the Notes will carry an interest rate of 3.4375% per annum with an interest amount of U.S. \$173.78 per U.S. \$100,000 Note and U.S. \$4,344.62 per U.S. \$250,000 Note. The relevant interest payment date will be 21st April, 1994.

Listed on the London Stock Exchange

Bankers Trust Company, London

Agent Bank

## U.S. \$100,000,000

MARINE MIDLAND BANKS, INC.

Floating Rate Subordinated Capital Notes due 1999

For the three months 22nd October, 1993 to 24th January, 1994 the Notes will carry an interest rate of 3% per annum with a Coupon amount of U.S. \$94.60 per U.S. \$100,000. Interest payment date 24th January, 1994.

NSBC Investment Banking Limited  
Interest Determination Agent

## Manufacturers Hanover Corporation

U.S. \$100,000,000

Floating Rate Subordinated Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that the Notes will carry an interest rate of 5.25% per annum for the period 21st October, 1993 to 21st January, 1994 with a coupon amount of U.S. \$134.17 for the U.S. \$100,000 denomination and U.S. \$3,354.17 for the U.S. \$250,000 denomination and will be payable on 21st January, 1994 against surrender of Coupon No. 34.

Bankers Trust Company, London - Agent Bank

## ECU Terminals PLC

20 Cheapside Place  
Belgrade  
London SW1X 8NL  
Tel: 01-245 0088  
Fax: 01-245 0088  
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INTERNATIONAL CAPITAL MARKETS

# German base rate cuts trigger wave of easing

By Sara Webb in London and Frank McCarty in New York

THE Bundesbank took Europe's government bond markets by surprise with a half-point cut in key interest rates yesterday, triggering a wave of easing in the Netherlands, Belgium, Switzerland, Italy and Austria, while raising hopes of rate cuts in France, Denmark and possibly Spain.

## GOVERNMENT BONDS

to a steepening of yield curves, as investors hoped to benefit from the easing in interest rates.

In Germany, the bund futures contract fell on the rate cut announcement, then perked up again before falling back to close lower on the day. Having opened at 100.47, it reached a high of 100.57, and ended at 100.06.

The cut in German interest rates led to speculation that

the forthcoming inflation data due out over the next few days will show an improvement on the previous month and that the next batch of money supply figures will show a fall.

The shift towards short-dated paper was partly triggered by comments by Mr. Tietmeyer, the chairman of the Bundesbank, that he sees little room for further a drop in long-term interest rates.

High-yielding European bond markets rallied on hopes of lower interest rates, and yield spreads over the German 10-year bond narrowed to their lowest levels for Spain, Italy and Portugal. Late in the day, once the market had closed, the Bank of Italy announced a half point cut in the discount rate.

In Portugal, demand at the Treasury's auction of 10-year bonds was so strong that the auction size was increased from E515bn to E550bn. The average yield at the auction was 8.75 per cent. However, the market closed slightly lower on profit-taking.

UK government bonds

## FT FIXED INTEREST INDICES

	Oct 21	Oct 20	Oct 19	Oct 18	Oct 15	Year average
One-Year (90)	103.48	103.31	102.66	102.85	102.72	92.87
Three-Month (90)	123.60	124.08	124.14	124.28	124.61	105.91
Five-Year (90)	100.00	100.00	100.00	100.00	100.00	100.00
One-Year (90) - 100	3.48	3.31	2.66	2.85	2.72	12.87
Three-Month (90) - 100	23.60	24.08	24.14	24.28	24.61	15.91
Five-Year (90) - 100	0.00	0.00	0.00	0.00	0.00	0.00
One-Year (90) - 100 - 100	3.48	3.31	2.66	2.85	2.72	12.87
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Five-Year (90) - 100 - 100 - 100 - 100	0.00	0.00	0.00	0.00	0.00	0.00
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Three-Month (90) - 100	23.60	24.08	24.14	24.28	24.61	15.91
Five-Year (90) - 100	0.00	0.00	0.00	0.00	0.00	0.00
One-Year (90) - 100	3.48	3.31	2.66	2.85	2.72	12.87
Three-Month (90) - 100	23.60	24.08	24.14	24.28	24.61	15.91
Five-Year (90) - 100	0.00	0.00	0.00	0.00	0.00	0.00
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Five-Year (90) - 100	0.00	0.00	0.00	0.00	0.0	



## COMPANY NEWS: UK

Shares fall after chairman strikes cautious note on current year outcome

## Lower exceptionals help A Fisher

By Andrew Bolger

SHARES IN Albert Fisher fell 5p to 75p yesterday after the food processing and distribution group struck a cautious note when announcing its annual results.

The group made pre-tax profits of £31.5m in the year to August 31, compared with a restated £25.9m under FRS 3. This was after an exceptional charge of £15.4m to cover disposals, compared with £34.2m previously.

Total sales rose from £12.2m to £12.8m. Mr Stephen Walls, executive chairman, said: "The outcome for the current year will continue to be affected by the pace of economic recovery in our markets as well as the need for restoration of greater balance in supply and demand in key products and markets."

However, he also stated that there had been considerable progress made in repositioning

the group by strengthening management, reducing costs, acquiring complementary businesses and disposing of non-core operations.

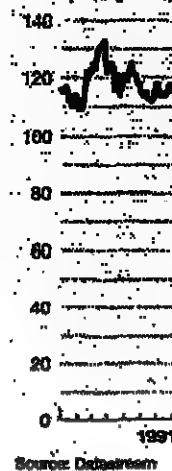
Operating income from European food processing fell from £28.4m to £21.5m. The company blamed a large part of the decline on the drop in sales of its frozen fruit and fruit concentrate business, which was hit by a worldwide glut of apples and the political upheaval in eastern Europe, which resulted in large falls in volumes and prices.

The European seafood division increased operating income from £7.7m to £10m. The group said synergies between the companies had been realised during the year, particularly the networking of sales.

Operating income from the European fresh produce division fell from £7.5m to £5.4m. North American fresh produce increased operating

Albert Fisher

Share price (pence)



Source: Datastream

Income from £10.8m to £11.6m. Early signs of recovery in the south-east of the US were not sustained consistently in the second half, and the West Coast - in particular southern

California - continued in recession. Earnings per share rose to 2.49p (1.78p). The final dividend was held at 1.5p to maintain the final at 3.75p.

COMMENT

The share price fall was not surprising, given the caution over trading and the fact that the shares had already doubled in the last year. The City is pleased that Mr Walls seems to have completed the first phase of his clean-up after the reign of his acquisitive predecessor, Mr Tony Millar. However, serious doubts remain over whether the group can secure high-margin business - or will remain dogged by the random fall-out from produce gluts, crop failures and political turmoil. Forecast full-year profits of £38m put the shares on an undemanding prospective multiple of 12.5. They are underpinned at that level by a yield of more than 6 per cent. There seems little downside at this level, but the shares will not be significantly uprated unless and until profits represent a more significant proportion of sales.

## Frost seeks £21.3m to repay bank borrowings

By Catherine Milton

FROST GROUP, the UK's largest independent petrol retailer, yesterday launched a cash call to raise £21.3m to repay bank debt and clear the way for further acquisitions.

The 5-for-1 rights issue of 11.7m new shares at 187p apiece is fully underwritten by Credit Lyonnais Laing. Frost's shares slipped 1p to 224p.

Without the issue the company believed debt would reach some £18.4m by its December year-end which would mean gearing of 80 per cent of balance sheet values.

After the issue Frost will have about £3m in cash and the company will be unencumbered. Mr James Frost, chairman, said: "This leaves us in a similar position to two years ago when we floated. The difference is two years ago we had 79 sites and by the year end we expect to have 180."

"The long term target at the time of the float was to get to 250 sites. Because we have purchased at an accelerated rate we now expect to reach that target in the short term with a new long term target of 500 sites."

The company expects to have invested £54.6m in the acquisition and redevelopment of petrol retailing sites by the end of 1993.

"We believe that, in the near future, there will be many further opportunities to acquire sites on advantageous terms, provided that the group has the balance sheet strength and financial flexibility to be able to act quickly."

## Refinancing for London &amp; Met

By Richard Gourlay

LONDON & Metropolitan, the property company that was rescued by its banks in 1991 but spent much of the time since in intensive care, yesterday announced terms of another refinancing.

The agreement includes the conversion of £39.8m of debt into ordinary equity, leaving the banks, led by Bank of Scotland, with about 70 per cent of the equity.

Existing shareholdings will be diluted down to 25 per cent of the equity. The maturity of a further £25.8m of debt has been extended and the banks are to make available a new working capital facility of £4.5m.

Some of the group's other banking facilities have been made non-recourse, helping to reduce net liabilities by £31.7m. The restructuring leaves London & Metropolitan with positive net worth of £1.2m and assets per share of 2.7p. Before the deal the group had negative net worth of £60.3m.

London & Metropolitan became over-exposed in the late 1980s, a developer-trader with little investment income. In 1991 the banks rescued the company on the assumption that the property market recession would not persist.

The company developed, but no longer owns, the Whiteleys shopping complex in Bayswater and Distillers House in St James Square. It still has a small investment portfolio.

Mr Chris Harris, chairman and managing director, said the restructuring was a vote of confidence in the current management's ability to take the group forward.

"We have some interesting new opportunities like factory outlet shopping," he said. Under the restructuring preference shares are being converted to deferred shares and cancelled.

The group also announced that for the six months to June 30 it incurred a pre-tax loss of £3.45m (£4.44m) on turnover of £14.9m (£19.6m). Losses per share were 5.6p compared with 6.5p.

## Jarvis cuts deficit to £630,000

JARVIS, which is involved in property investment, construction and development, cut pre-tax losses from £1.72m to £630,000 for the six months to June 30.

Mr Harvey Bard, chairman, said the improvement followed actions taken last year to reduce operating capacity, and the continuation of the policy of only bidding for work when a positive margin could be anticipated.

The building division continued to experience poor trading conditions, he said. Civil engineering had improved its order book though margins had remained tight. Following a reconstruction the fitting-out company had achieved a significant improvement.

Mr Bard said that in the second half a further loss was expected in the construction side. That would be partly offset, however, by an additional contribution from property investments.

In June, Jarvis acquired a 34 per cent interest in Chapel Wharf, a joint venture company formed to develop a 9 acre site in Salford. Its two partners are DC Thompson and the City of Salford.

Turnover declined to £38m (£48m). Losses per share were reduced to 2.5p (8.1p) and again there is no dividend.

## Gleeson withstands recession with £8.2m

By Catherine Milton

MJ GLEESON yesterday became the second family-run, small, quoted construction company this week to withstand the worst effects of the recession, reporting pre-tax profits down from £9.94m to £8.2m in the year to June 30.

Earnings per share fell to 57.54p (57.1p). However, using the strong balance sheet as justification, the board is proposing a maintained final dividend of 9.4p giving a same-as-previous total of 12.75p.

"We have never become over exposed in any one area," said Mr Colin McLellan, finance director. "We have tended, in good years, to invest money in land and commercial property in a small way. We

have never got involved in huge schemes." On Monday, Henry Boot, the Sheffield-based construction and property company, announced pre-tax profits up from £2.1m to £2.35m.

Gleeson said prospects for the UK construction industry were poor, although the housebuilding division had experienced an improvement in sales during the past half year.

Turnover fell to £168m (£183.1m) as building, contracting and civil engineering declined. "There was a lot of competition and not enough work," said Mr McLellan.

A decline in gross profit to £15.1m (£18m) was not offset by higher rental income of £5.02m (£4.6m). The company said it had let more properties.

Although cash balances rose from £13.5m to £16.1m over the year, interest received fell to £831,000 (£1.72m) as rates fell. Interest payments fell to £58,000 (£26,000) the company having redeemed £2.5m in loan notes issued at the time of the 1991 acquisition of Colroy, the housebuilder. The cash was generated by rental income and the selling of more land than it bought in its housebuilding division.

"Work in progress went down by about £3m. We are keen to buy more land but land prices seem to us to be rising faster than house prices," said Mr McLellan.

The company said planned spending on housing land and investment property meant that bank balances were unlikely to be sustained at year end levels.

## Ferguson advances to £5.24m

By Peter Pearce

FERGUSON International Holdings, the labels, hangers, communications components, printing and publishing group, reported pre-tax profits up from £4.7m to £5.24m in the six months to August 31.

The rise was struck on turnover up from £81.8m - of which £3.8m was from discontinued operations - to £85.6m.

Mr Denis Cassidy, chairman, called it "a good first-half performance". Three of the four divisions lifted operating profits, while sales grew at all four.

Further, the group has secured, as successor to Mr Michael Saint, Mr Ronald Irv-

ing of Christian Salvesen as group managing director.

Profits in labels, the group's main business, grew 11 per cent to £3.03m on turnover up 8 per cent to £30.5m, three quarters of which comes from the UK. Some 80 per cent of the labels are for clothes and the balance for food, though

Design Mark Industries of the US, which makes pressure sensitive panels, also falls within the division. Work has been carried out to restore to profit the Hong Kong labels business, which is essential for clothing manufacturers which source from the Far East.

Lower prices in Europe led to profits falling to £1.31m

(£1.33m) in hangers on turnover up at £16.8m (£15.8m).

Earlier this month, Ferguson bought Red Wing Products for £11.5m (£7.5m), giving the hangers side a US presence.

Profits at the US cable components side were up 42 per cent to £1.02m on turnover up 47 per cent to £13.1m, though stripping out currency gains reduces the rise to 17 and 21 per cent respectively.

The disposal of the printing and publishing division, which made £344,000 (£243,000) on sales of £5.61m (£5.48m), has not yet been completed.

Earnings rose to 10.4p (9.3p) per share and the interim dividend is held at 4.25p.

## Parkland shares surge on enfranchisement proposal

By John Murrell

SHARES OF Parkland Textile (Holdings) soared yesterday as the woolen yarn and worsted cloth manufacturer accompanied a sharp recovery in interim profits with a proposed enfranchisement of its A shares.

The ordinary shares surged 106p to 385p while the A shares jumped 46p to 231p.

On the back of a 15 per cent rise in turnover to £27.1m in the half year to August 27, the Bradford-based group swung from losses of £308,000 to profits of £370,000 pre-tax.

The interim dividend is doubled to 3p, payable from earnings of 12.1p (losses of 4.8p).

The directors anticipated that generally stable conditions would prevail in the second half "provided the threat of increased taxation does not

affect consumer confidence."

Following receipt of part of the proceeds of a discontinued business half year gearing was reduced from 43.3 per cent to 25.3 per cent.

Interest charges were trimmed from £464,000 to £281,000.

In the yarn division, volumes remained static but margins improved "modestly" at Knoll Spinning largely because of increased exports.

Volume advances generated by the fabric division in 1992-93 continued throughout the first half with "considerable growth" achieved in all areas.

To compensate for dilution of their voting rights, existing ordinary shareholders will receive a scrip issue on a 4-for-5 basis.

The group is to change its name to Parkland Group.

## WPP in \$14.6m disposal

WPP, the heavily-indebted marketing services group, has sold its 64 per cent interest in Fallon McElligott, the US advertising agency, for \$14.6m (£9.6m), writes Diane Summers.

The group owns 80 per cent of Scall, McCabe, Slaves, the US advertising network, which, in turn, owns 80 per cent of Fallon McElligott.

WPP said \$10m of the \$14.6m was paid in cash and the balance in an interest-bearing note repayable over five years.

The group said the effect of Fallon's results on WPP's consolidated revenue and trading profits had been "immaterial". The sale, which was to Fallon's management, "does not give rise to any material exceptional charge or gain," said WPP.

In the half year to June 30 WPP's average net debt was \$372m. Last month it sold Seigner Advertising, the Los Angeles-based producer of marketing campaigns for films, for \$6.9m.

## Two further Lloyd's trusts

By Richard Lapper

PATHFINDER prospectuses for two investment trusts for the Lloyd's insurance market backed by Samuel Montagu and SG Warburg were published yesterday. Names voted on Wednesday in favour of new rules permitting Lloyd's to draw capital from corporate members.

New London Capital, which is sponsored by SG Warburg, aims to raise £180m, mainly from institutions. Advised by Chartwell Advisers, a subsidiary of Chartwell Re, a London reinsurance company, it will focus on about 20 separate syndicates, targeting specific

sectors of the Lloyd's market.

London Insurance Market Investment Trust will be the largest of the new corporate members. It is sponsored by Samuel Montagu, the merchant bank, and James Capel and aims to raise about £280m, although this could be increased to £300m.

It is expected that some £70m of this amount will come from retail investors, the remainder having been conditionally placed with institutions. Applications will be for a minimum of 1,000 shares at an offer price of \$100 per share.

Limit says that it has obtained binding commitments

from 98 syndicates for the provision of \$490m of underwriting capacity.

New corporate members can underwrite £2 of premium income for every £1 of capital. Eight agencies manage 56 of the syndicates which will be supported by Limit.

Fenchurch Underwriting Agencies, the Lloyd's agency, has been retained to advise on a consultancy basis, but Limit does not intend to appoint an external Lloyd's adviser.

Approximately 90 per cent of funds will be invested in a portfolio of listed equities, with the balance invested partly in sterling fixed interest securities.

## Towry Law pathfinder

Towry Law issued a pathfinder prospectus for an institutional placing that will value the chain of independent financial advisers at £25m-£30m.

The company, which has net cash of over £5m, is not raising any money through the placing. Mr Cecil Law, chairman, will be placing 10 per cent of the shares, reducing the stake held by himself and his family trusts to about 41 per cent. The pension fund is placing a further 18 per cent and directors, employees and former employees are selling a further tranche, making a total of 32.5 per cent.

The first day of trading is November 11.

This advertisement is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange"). It does not constitute an invitation to anyone to subscribe for or purchase any securities. Application has been made for 23,956,688 new Ordinary 20p Shares in Bristol Channel Ship Repairers plc (the "Company") to be admitted to the Official List. It is expected that this admission will become effective and that dealings in the new Ordinary 20p Shares will be commenced pursuant to the Rights Issue, and that dealings in the new Ordinary 20p Shares, fully paid, resulting from the proposed sub-division and consolidation of the existing Ordinary 10p Shares will commence on Thursday 18th November 1993.

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Copies of a circular dated 21st October 1993 constituting Listing Particulars and of the audited consolidated accounts of the Company for the financial year ended 26th March 1993 may be obtained during normal business hours on any weekday (public holidays excepted), up to and including Tuesday 26th October 1993, from the Company Announcements Office of the London Stock Exchange, Capel Court Entrance, off Bartholomew Lane, London EC2N 1HP (by collection only) and up to and including Friday 5th November 1993 from:

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- \* Interest payment date: January 21st, 1994
- \* Interest rate: 3.75% per annum
- \* Coupon amount: US \$ 2,955.83 per note of US \$ 250,000

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## RECRUITMENT

**JOBS:** Latest count of executive job offers gives hope of return to sustained growth in demand

# Behold - some good omens at last

**B**EHOOLD there ariseth a little cloud out of the sea, like a man's hand. So spake the prophet Elijah's omen-spotting servant on returning from the top of Mount Carmel some 2,850 years ago - and since he'd been sent up there six times previously only to see nothing, he no doubt spake with relief.

The Jobs column now knows how he must have been feeling, thanks to the accompanying table which has appeared regularly in this corner of the FT for a good 10 years. As always, it tracks changes in the United Kingdom market for managers and higher-ranked specialist workers, as gauged by the MSL International consultancy's three-monthly counts of executive-type jobs advertised in national journals.

Before directing attention to the equivalent of Elijah's cloud - which, as readers will recall, was a good omen - I'd better explain the table's workings. The upper part focuses on the 12-month period which ends on September 30, going back to 1988-89, and shows the number of job-openings advertised in eight broad types of executive work. Each opening is counted as one, no matter how many times the advertisement for it appears. The catch-all "Others"

category, by the way, includes people such as buyers, company legal staff, economists and assorted consultants.

The eight separate counts are followed by the 12-monthly total. Then come the four quarterly tallies, covering all categories, of which the total is composed. As

the advertised demand ebbs and flows seasonally, the percentage change after each three-monthly tally shows how it differs from the count for the corresponding quarter of the year before.

Now, measured by the number of openings offered, the table is more generous than the view

from Mount Carmel that day night three millennia ago. Instead of one good portent, there are two. They are the plus signs before the latest percentage changes in both the 12-month total and the July-September quarterly count.

But although doubly blest in that respect by comparison with

Elijah's servant, I doubt that his sense of relief could have been any greater than mine is today. For whereas he vainly scaled the mountain's peak only six times before spotting the cloud, I have returned to the jobs-market table no fewer than 18 times without seeing a plus sign in either of the two positions named.

The last time the most recent 12 months showed a rise in demand was in the spring of 1989. And a full five years has gone by since a three-monthly period produced an increase over the corresponding previous quarter, in July-September 1988. During the interval, the UK advertised market has plumbed the lowest depths recorded in the 34 years MSL has been keeping its counts. Indeed, even in the recession of the early 1980s, the tally for a 12-month period to September 30 never fell below 17,886 - 13.2 per cent more than the improved total of 15,521 just appeared.

So relief at seeing the two good omens is no occasion for joy unconfined. For they might well betoken mere momentary upturn

rather than sustained recovery in the market as a whole. After all, of the eight categories in the upper part of the table, six ended last month still in decline.

Nevertheless, while the fate of my previous fits of optimism these past five years should perhaps have taught me better, my guess is that the growth will spread. One reason is the two successive rises shown by the sales and marketing category, which has consistently proved a lead indicator of UK demand for executives in general. True, its first rebound in 1991-92 has as yet been copied by only one other specialist, computing. But that may be because recovery of the advertised part of the market has been delayed by a special factor.

During the recession, huge numbers of able people made redundant through no fault of their own have put themselves on the books of recruitment agencies that keep registers of job-seekers in various fields, supplying lists of candidates on request from employers. Some large groups avalanched with speculative

applications have apparently set up their own similar registers. Hence, for as long as the databases can provide adequate candidates, employers see less need to advertise their openings.

But the main reason for my expectation of a general return to growth is a further omen which, since the three-monthly counts lump all types of executive work together, isn't visible in the table. The third good sign is that not only did the quarter just ended bring a jump of 36.8 per cent in overall demand, but it saw all eight categories rise over their tallies for July-September 1992.

Even so, I cannot foresee the advertised market ever returning to the heights of the mid-1980s, when 12-monthly totals topped 40,000. And the reason for that longer run pessimism lies in the demand for innovative specialists represented by the research and development category.

A dozen years ago it rose steeply in advance of the boom for other types of staff. But since its 12-monthly peak of 7,538 in 1983-84 it has plummeted to a mere 1,248 jobs - only half the number offered in the depths of the previous recession in 1980-81.

Michael Dixon

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF										
(12 months to September 30)										
Type of work	1988-89		1989-90		1990-91		1991-92		1992-93	
	Advised	Change	Advised	Change	Advised	Change	Advised	Change	Advised	Change
Research & devt	1,248	-6.9	1,341	+39.1	2,166	+33.8	3,273	+26.1	4,431	+12.6
Sales & marketing	3,337	+37.4	2,428	-27.2	2,231	-8.2	2,840	+27.3	4,398	+29.1
Production	2,027	-13.1	2,332	+15.0	2,923	+25.3	5,512	+13.4	5,382	-2.3
Accounting	2,733	-3.5	2,833	+3.7	3,473	+22.6	5,830	+17.5	7,064	+21.2
Computing	1,407	+44.4	981	-30.5	1,209	+23.3	2,430	+11.0	4,119	+10.5
General management	356	-7.4	924	+159.8	1,004	+8.6	1,320	+31.8	1,394	+5.6
Personal	355	-15.7	421	+18.6	446	+5.7	827	+32.9	1,225	+15.8
Others	3,558	-6.5	3,507	-1.4	4,303	+22.6	6,764	+15.4	7,996	+18.4
<b>Total</b>	<b>15,521</b>	<b>+3.2</b>	<b>15,047</b>	<b>-3.1</b>	<b>17,755</b>	<b>+18.3</b>	<b>28,796</b>	<b>+22.2</b>	<b>36,997</b>	<b>+28.1</b>
Oct-Dec	2,936	-16.1	3,587	+22.2	5,318	+19.3	6,527	+22.8	9,048	+2.2
Jan-Mar	3,985	-2.5	4,058	+1.8	4,572	+12.6	8,397	+23.1	10,915	+2.7
April-June	4,007	-0.4	4,023	+0.4	4,235	+5.2	7,841	+16.7	9,176	+13.4
July-Sept	4,623	+36.8	3,379	-5.3	3,690	+9.2	6,131	+22.0	7,868	+15.8

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- A friendly communicator with a sense of humour.

Working closely with both the Merchant Bank's Capital Markets and Corporate Finance departments, this opportunity presents a long term career development in an environment devoted to excellence.

### Emerging Markets - Credit/Risk

**£50,000 + banking benefits**

Due to continuing success this unique Global Bank needs a first class, risk professional who can bring initiative and innovation to a highly respected department dedicated to project lending in lesser developed countries.

Interested? You must be able to demonstrate the following:

- 5-7 years bank credit and lending experience
- Financial analysis of corporations in major industrial sectors and financial institutions
- Country risk analysis, LDC debt trading and market practices
- An additional European language.

The successful incumbent will be responsible for advising and recommending credit advice, assessing inherent risk and establishing strong working relationships both internally and externally. Job satisfaction and rewards are excellent.

Contact Zed Ide or Pascale Butcher on (071) 383 0073 (day) or (071) 728 8613 (nights) or write to 16-18 New Bridge Street, London EC4V 6AU Fax No: 071 383 3966.

**BADENOCH & CLARK**  
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**Edinburgh**  
FUND MANAGERS PLC

### Senior UK Fund Manager

### Edinburgh

Edinburgh Fund Managers plc (Edinburgh) is one of Scotland's leading independent fund management groups. Edinburgh manages over £3bn on behalf of institutional clients worldwide, and is currently embarked on an expansionary phase.

An opportunity now exists for a senior fund manager with at least five years experience of large capitalisation U.K. equities to join the highly successful investment team at Edinburgh. The right person will be able to liaise with clients and to contribute effectively as a team member to the overall UK strategy and sector allocation process. In addition he/she will manage three UK unit trusts, two having an income bias.

An attractive remuneration package is offered to the right candidate with the usual financial sector benefits.

For a confidential discussion, telephone or write with CV quoting Ref: UK931090 to:

Ian Witter or Fred Lawson  
ASA International Ltd, Executive Search and Selection  
68 George Street, Edinburgh EH2 2JG. Tel: 031-226 6222.  
Interviews will be held in London and Scotland.  
Applications sent to the company will be forwarded to ASA International.

ASA International

ASA  
INTERNATIONAL

### INTERNATIONAL M&A

An expanding international M&A advisory firm with offices in ten countries globally is seeking entrepreneurial M&A professionals, with a minimum of 5 years transaction experience, to join its London, Paris and Düsseldorf offices. The firm is a leader in mid-market cross border M&A. Please send resume in confidence to the address below to obtain further information.

Write Box B1741, Financial Times, One Southwark Bridge, London SE1 9HL.

## Bankers Zambian Nationals



An international banking group with extensive operations in Zambia requires the services of bankers with international experience in the following areas:

- Corporate Banking
- Treasury Management
- Retail/Consumer Banking
- Financial Management
- Human Resources Management

The Bank is engaged in upgrading its operation in response to a rapidly changing and challenging economic environment.

Applicants must be Zambian nationals or those with resident status in Zambia who hold appropriate qualifications and have some experience in any of the above areas.

Write to: Sheila Wiseman, Africa Regional Office, Standard Chartered Bank, 1 Aldermanbury Square, London EC2V 7SE

enclosing full career details.

## Gartmore

### ASSISTANT COMPLIANCE OFFICER

Gartmore is one of the leading international fund management groups with over £17 billion under management. Due to its increasing business, the company is seeking to appoint a further assistant compliance officer. Joining a team of seven (including administrative staff), your duties will include:

- Negotiating and dealing with enquiries concerning IMRO governed investment management agreements for segregated and pooled pension clients
- Involvement in specific transactions embracing contract negotiation and project co-ordination
- Involvement in specific regulatory or legal issues and internal procedures
- Contribution to the general compliance work of the department
- Other general commercial matters

You will be a qualified solicitor or barrister with 1-3 years' relevant experience, ideally within another financial institution or in the financial services department of a law firm. Essential qualities are strong negotiating and drafting skills and a team-oriented, commercial personality.

In return, the company will offer you an excellent City salary and benefits package.

For further information, complete confidence, please contact: Stephen Rodway on 071-405 6043 (071-254 3079 evenings/weekends) or write to him at Quarry Douglas Commerce & Industry Recruitment, 37-41 Bedford Row, London WC1R 4PH. Confidential fax: 071-831 6394. This advertisement is being handled on an exclusive basis by Quarry Douglas Commerce & Industry Recruitment. All direct applications will be forwarded to Quarry Douglas.

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### APPOINTMENTS WANTED

### ACQUISITIONS MANAGER

- Complete acquisition divestment and JV experience
- In North America, Europe & Asia
- Multinational 'blue chip' (15 years); Management consulting (5 years)
- Good Italian, French, Portuguese

NEEDING:  
Long or Short Term Roles

• Fax 071 497 3712

• or write to:  
Box B1747  
Financial Times  
One Southwark Bridge  
London SE1 9HL

### EQUITY DERIVATIVE SALES min £80,000 + Substantial Bonus

On behalf of an international bank we wish to appoint a high calibre salesperson. The successful candidate will be responsible for the sales/marketing of exchange traded and OTC equity derivatives to a UK and European customer base. Individuals will ideally be in their late 20's/early 30's and possess a proven track record within a major institution.

Please contact Philip Ashby Rudd on 071-623 1266.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants  
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE



## TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

### Deputy Chief Executive Investment Banking - Industrial Holdings Manager

Poland

Our client, an international financial institution, is currently seeking a suitable candidate for the position of Deputy Chief Executive for its Warsaw based joint venture active in industrial company management and investment banking. The person is expected to make a key contribution to the operations of the organisation and will be reporting to the C.E.O. and the Supervisory Board.

Substantial experience in the area of investment banking or industrial holdings management is required as the Deputy Chief Executive's principal task will be to develop and supervise the active management of the joint venture's investment holdings. The joint venture will also manage a passive investment portfolio for which the

Excellent Package

candidate will be expected to develop and execute a strategy.

First class managerial and interpersonal skills, together with the ability to influence at all levels are essential personal qualities. The appointed candidate will need to combine outstanding experience with maturity, and natural authority with diplomatic ability. Fluency in Polish and English is an essential requirement for this position. Knowledge of German would be beneficial.

Interested candidates should submit, within 10 days, a detailed CV to the address below, quoting reference number 33057 and including dates of availability and current remuneration. All applications will be treated in strictest confidence.

GKR NEUMANN

MANAGEMENT CONSULTANTS  
PL-00-542 WARSZAWA-UL. MOKOTOWSKA 61/17, POLAND  
TELEPHONE 010 48 2 625 48 48. FAX 010 48 2 625 48 87

### The Top Opportunities Section

For senior management positions

For advertising information call:

Clare Peasnell  
071 873 4027

Elizabeth Arthur  
071 873 3694

### General Secretary

London

c.£50,000

SPI was formed some three years ago by the principal Recognised Professional Bodies ("RPBs"), which are those bodies authorised to grant insolvency licenses. The purpose of the Society is to act as the sole co-ordinated "voice" for the UK insolvency profession. The Society undertakes all aspects of a professional body, including education and training, ethics, public relations and publications. However it is not responsible for the conduct and licensing of the related membership, which remains the responsibility of the RPB's.

The General Secretary reports to the President and Council with particular responsibility for:

- Executing the policy of the Society as determined by the Council.
- Controlling the financial and administrative affairs of the Society.
- Representing the Society in its dealings with other professional bodies and Government institutions.
- Ensuring that the training courses are effectively delivered.
- Managing the office administration including the development and recruitment of the nine strong staff.
- Acting as Secretary to certain of the committees.

Candidates should be experienced administrators, who are equally confident in handling policy and the execution of detail. Personal qualities will include: strong, but sensitive staff management; persuasive communication; secure accuracy under pressure; resilient enthusiasm and an open, confident management style.

Please send a summary of how you match this requirement, with a curriculum vitae and salary details quoting Reference PD 485 to Peter Dell at Ernst & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3NH.

ERNST & YOUNG

### CHIEF OPERATING OFFICER SIX FIGURE PACKAGE

## A unique firm demanding a unique individual

Seldom do such opportunities occur. The recruitment of a Chief Operating Officer is tangible evidence of our investment in seasoned, inspirational leadership.

Robson Rhodes is a firm which stands apart from other accountancy practices. We have a clear vision and strategy, and a successful record of growth. We specialise in applying "best thinking" for selected services to quality clients in our chosen markets. Furthermore, as part of our commitment to becoming a truly managed firm, we have recruited experienced executives from outside the profession into senior management roles. The most senior of these will be our Chief Operating Officer.

#### The Role

- Lead, direct and control the total resources of Business Units, with absolute P&L responsibility
- Lead the implementation of the firm's sales & marketing strategies with particular emphasis on major accounts
- Ensure highest standards of delivery and quality service products

- Coach and develop senior management skills
- Participate as a member of the Management Board in the continuing development of business strategy

#### The Candidate

- Graduate with impeccable pedigree in business management, gained in first class organisations
- Front line general manager with exposure to financial/professional services industries
- Hands on leader/coach, with successful track record in major selling and prospecting situations
- Demonstrable record of making things happen
- First class communicator

Quite clearly this will be a major investment by both the firm and the successful candidate alike, and at this stage we would not regard remuneration as a barrier. Initial applications to include a comprehensive CV should be made to our adviser, Susan Spindler, 8th Floor, 28 St James's Square, London SW1Y 4JH. Tel 071 950 5822.

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Chartered Accountants

RSM

International

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RECRUITMENT CONSULTANTS GROUP  
2 London Wall Buildings, London Wall, London EC2M 5PP  
Tel: 071-588 3588 or 071-588 3576  
Fax No. 071-256 8501

Scope for career progression within an expanding department

CJA

### YOUNG INVESTMENT ANALYSTS and Graduate Trainee

CENTRAL LONDON

£24,000-£28,000

LEADING LIFE ASSURANCE ORGANISATION

Our client is expanding its Investment Department and now seeks two investment analysts (mid 20's) with 2-3 years' experience of researching the UK market gained with an institution or securities house. The successful applicants are likely to be graduates but IIMR qualifications are of greater importance. The investment style is traditional and risk averse with an emphasis on stock picking and the analysts have great influence in the investment process. Market sector responsibilities rotate giving the opportunity to gain broad ranging experience: planned growth and widening of the product range will give scope for career progression. Initial remuneration is negotiable £24,000-£28,000 + good benefits package (Ref.: YIA4917). We also seek a recent graduate, preferably with some investment experience, to train as an analyst - salary £15,000-£17,000 (Ref.: GIA4918). Please write in strict confidence to the Managing Director, CJA.

### Derivatives

U.S. based Global Executive Search Group seeks experienced consultants for new office in London.

Call Nathan Cherson, 21-23 October, on Tel. (071) 588-8888 Fax (071) 938-8122

### STOCKMARKET ADVISORY COMPANY

has positions open in both sales and handling private investors stockmarket portfolios. Stockmarket and sales experience preferred for both positions. Very good earnings and prospects with young expanding company. Age group approx. 25-30 yrs.

Phone: 071 485 3212 Ref: BRH

### PASSIVE FUND MANAGEMENT

The "passive" unit of an international fund management firm in the City seeks to add a portfolio manager/trader to its global small companies team.

Candidates in their late 20s, early 30s with a relevant first degree (MBA a possibility) who are numerate, computer literate, know their way around a database and have some knowledge of computer programming should apply. The ideal candidate will also have index fund management or related experience in the financial sector. Duties encompass a range of activities associated with the management of pooled and segregated passive portfolios including client servicing. Good working knowledge of German or French is a plus.

A competitive compensation package is offered.

Please send your CV in writing to:

Box B1743, Financial Times,  
One Southwark Bridge, London SE1 9HL

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NCR offers an environment that virtually ensures you enjoy an exceptional career - a newly centralised marketing team staffed with marketing heavyweights from every continent, the largest chunk of the international self-service market and an aggressive plan to expand into new information technology products and services for retail banking. To join us, we're looking for professionals with the drive, experience and imagination to make an immediate impact.

### STRATEGIC PLANNING DIRECTOR

Your prime responsibility will be to drive the development of vision and strategies for NCR's retail banking business and to ensure that we have programmes in place to meet these strategies. To do this you'll need to understand our customers' needs and competitors' strategies. You will provide leadership and direction to over 2000 employees worldwide and your decisions will have a direct impact on our £1 billion plus revenue objective. • With a degree in Marketing or Business, you'll have several years strategic planning and market research experience. Teamworking, communications, strategic analysis, creative thinking and conceptual skills are particularly important for this senior management post.

### STRATEGIC SOLUTIONS DIRECTOR

Your brief will be to source and develop relationships with selected global Solution Partners. In this demanding and high-profile role you'll influence the Division's ability to achieve revenue objectives in excess of £1 billion. • You must be educated to degree level in a business or marketing discipline. In addition, an MBA qualification would be an advantage. A track record of progressively more senior marketing (and ideally sales) experience should be backed by sound commercial instincts, a sharp analytical mind, and above average communication and conceptual skills.

### MARKETING SERVICES MANAGER

This is a high priority role which will involve you in defining and ensuring that we provide our clients, mainly blue-chip banks, building societies, etc with a range of professional services covering consulting, network services, systems integration, and customer education. • A Business graduate, preferably an MBA, your five years + experience should include some time with a top IT Consultancy and ideally you will have been involved with the retail delivery side of banking.

### MARKETING PROGRAMMES MANAGER

As a key member of a world-class marketing team, your remit will be to develop and deploy assigned marketing programmes for NCR's Self-Service and Financial Systems. Your marketplace is international, and will call on your banking and/or retailing experience and ability to marshal creative problem-solving and sound commercial skills to develop effective programmes and provide decisive leadership. • A graduate with banking and/or retailing experience, and ideally an MBA, you must demonstrate a track record of progressively more responsible sales or marketing management. Able to analyse comprehensive data and achieve financial goals, you must have the intellectual skills to quickly grasp complex concepts.

Extensive overseas travel, superb opportunities for advancement, and upper quartile salaries reflecting the seniority of these positions will be backed by all the benefits of living and working in Tayside. These include reasonably-priced housing, superb natural leisure facilities, golf on some of the best courses in the world, sailing, skiing, climbing and easy access to the cultural attractions of Glasgow and Edinburgh. • Write with a full cv indicating which post you are interested in to: Ian Hume, Manager - Employee Relations, NCR (Manufacturing) Limited, Kingsway West, Dundee DD2 3DK.

AT&T

NCR

An AT&T Company

### CORPORATE DEALER

A successfully proven team of Money Market and Foreign Exchange professionals are seeking a highly motivated Corporate Dealer to join the London operations of the Global Treasury team.

Candidates must have a minimum 3 years sales experience while possessing a sound working knowledge of MM, FX, Derivatives and Capital Markets. The incumbent will be part of a team with clearly defined profit targets.

Technical excellence and initiative at developing new markets is key. Additional European language skills a definite advantage.

Candidates should reply to:

The Vice President, Treasury  
The National Bank of Canada  
Princes House, 95 Gresham Street  
London EC2V 7LU

NATIONAL BANK OF CANADA

### Advertising Sales Executive

Institutional Investor, the renowned international financial magazine, seeks an experienced sales person for its London office. The ideal candidate will be experienced in selling advertising to either European banks or corporations and preferably fluent in French.

An excellent remuneration package, including a high basic salary is offered for the right candidate. In the first instance, please contact Trevor Fellows at the following address:

Institutional Investor  
Imperial Buildings  
56 Kingsway, London WC2B 6DX  
Tel: 071 430 0881  
Fax: 071 404 5455

Institutional Investor



## INVESTMENT MANAGEMENT

### Continental European Equities

Our client is a major European investment house with a strong international institutional client base. As a result of continuing growth, an opportunity has arisen to join the European equity team.

The successful candidate will be given specific country responsibilities and will focus on generating well-researched, bottom-up stock recommendations, following a disciplined investment approach. In addition, he/she will participate in strategy discussions to determine the country allocation of the European funds. Strong analytical skills are required, preferably gained in the Continental European markets and language skills are desirable. Aged mid-late 20s, the ideal candidate will have approximately 3 years' relevant experience and should be happy working as part of an energetic ambitious team.

For further information, please write in confidence, enclosing your cv, to  
Martin Symon at the address below:

Jonathan Wren & Co. Limited, Financial Recruitment Consultants  
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

As one of the world's premier financial institutions, GE Capital enjoys a reputation for excellence. Their European Equipment Financing division is a leading provider of sales financing programmes for manufacturers and distributors within a wide range of sectors including IT, office technology, healthcare and industrial equipment. Now, a strategic centralisation of service functions within the UK has created a rare and highly demanding career opportunity within their German region for an exceptional

## CREDIT SPECIALIST

To £35,000  
+ Benefits

London

Your brief will centre around the analysis and approval of credit applications, carefully assessing and collating all relevant business information and legal and tax implications before recommending appropriate deal structures.

To date, your career will highlight your wide-ranging experience of credit gained within the Banking or Leasing field in Germany or the UK, and your intimate knowledge of German business culture and etiquette will prove invaluable to your success.

Naturally, fluent German will complement your effective communication skills as you negotiate credit issues and reviews with a variety of vendors and customers, and your assistance of the internal collections department will be welcomed in client discussions.

An attractive benefits package including full relocation assistance is applicable.

Please contact our consultants Ruth Almond and Russell Thackeray at CSA Management Consultants on 0256 - 818811 or write to us enclosing a full CV to Vickers House, Priestley Road, Basingstoke, Hants RG24 9NP.



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GE Capital

## HEAD OF MARKETING

North of England DIRECTOR DESIGNATE to £40,000 + car

### Private Client Asset Management

Our client is an established and successful group of private client asset managers, with offices throughout the UK. It has remained profitable despite the recession and is now seeking to develop its excellent reputation by recruiting a Head of Marketing. This is a new role which will involve working closely with the management team in order to create and implement a marketing strategy for 1994.

Reporting directly to the Chief Executive, the incumbent will also be responsible for promoting a unified image for the group through media coverage and corporate literature. The individual will liaise with the sales team, providing motivation and training throughout the group, in order to increase group awareness and marketing potential.

Ideally, candidates will be graduates aged 28 to 40, with at least five years' experience in private client asset management or financial services. A track record of success in marketing and management is essential and a qualification in marketing would be advantageous. Strong interpersonal and presentation skills are required for this exciting and challenging role.

Interviews will be held in London and the North of England and assistance will be available for relocation, where applicable.

Interested candidates should send full curriculum vitae, including details of current salary, to Carol Jardine, Managing Director, Whitney Selection, 17 Buckingham Gate, London SW1E 6LB, quoting reference number WS/106/1.



WHITNEY  
SELECTION

## ALBERT E SHARP

### CORPORATE FINANCE

Albert E Sharp is one of the largest wholly independent stockbroking firms in the UK. The firm has over 350 employees, with offices in Birmingham, London, Bristol and Manchester.

Due to the rapid expansion of its corporate finance activities in Birmingham and London, we are exclusively retained to recruit a number of executives to strengthen the existing team.

The successful candidates are likely to be professionally qualified and/or from a UK merchant bank with circa 2 years' experience in mainstream corporate finance. With the ability to assume immediate responsibility, candidates will be aged between 25 and 30 years.

Our client is seeking to appoint individuals of the highest calibre and competitive packages will be offered.

Please reply in strictest confidence to:

Marise I Palmer  
Wrightson Wood  
63 Duke Street  
London W1M 5DH

## IRISH INTERCONTINENTAL BANK LIMITED



Irish Intercontinental Bank, the Dublin based investment banking subsidiary of Kredietbank N.V., Brussels, is seeking applications for the following positions:

### Syndication/Financial Engineering Manager (Ref: SFE)

The successful candidate will be responsible for the conclusion of syndicated and club financing transactions in the corporate, aerospace and structured finance markets involving the creation of suitable structures for transactions and development of appropriate institutional relationships in Ireland and overseas.

### Aerospace Finance Manager (Ref: AFM)

KBFSI, an associate company of IIB, is part of the International Financing arm of Kredietbank N.V. and is based in the International Financial Services Centre in Dublin. The successful candidate will be responsible for direct marketing, documenting, implementing appropriate aerospace financing structures and managing an existing aerospace portfolio. Strong marketing, credit, documentation and interpersonal skills are essential.

### Asset Swaps Trader (Ref: AST)

The successful candidate who will be responsible for sourcing, assessing, pricing and developing an Asset Swaps Portfolio and for managing a substantial existing portfolio, will have a strong bonds/swaps/credit background.

### Documentation Executive (Ref: DE)

The successful candidate will be responsible for origination, negotiation, completion and management of documentation relating to all transactions, including structured finance and capital markets activities, for IIB and its associated companies in the International Financial Services Centre.

Candidates should have a university degree or related professional qualification and should have significant experience relevant to the particular position preferably within an international banking environment. A high degree of initiative and energy are essential requirements together with good organisational and communicative skills. All the positions are Dublin based.

The remuneration packages will reflect the importance of these key roles.

Applications in the strictest confidence quoting the relevant reference numbers to:

Managing Director,  
Irish Intercontinental Bank Ltd.,  
91 Merrion Square,  
Dublin 2,  
Ireland.

## MARCUS WALLENBERG CHAIR SCHOOL OF FOREIGN SERVICE GEORGETOWN UNIVERSITY

The Edmund A. Walsh School of Foreign Service, Georgetown University, announces a search to fill the Marcus Wallenberg Chair in International Financial Diplomacy. Applications are invited from individuals who have distinguished themselves in the fields of international finance, banking, political economy, and business and government relations, combining practical experience with demonstrated academic achievement. As a member of the Landegger Program in International Business Diplomacy, the Wallenberg Professor will teach undergraduate and graduate students pursuing careers as practitioners in the public and private sectors. In addition, the Chairholder will help coordinate the School's extracurricular seminars and management training in international business, finance, and public policy. The appointment will be made at the full professor level at a salary commensurate with seniority and qualifications. Applications should be submitted by November 15, 1993 to:

Dr. Charles E. Finkle  
Associate Dean  
School of Foreign Service  
Georgetown University  
Washington, DC 20057-1052  
(202) 687-5694  
FAX: (202) 687-1431

Georgetown University is an Equal Opportunity, Affirmative Action Employer.

## SENIOR CREDIT ANALYST - BOND MARKETS to £70,000

The company is a major international bank with a strong presence in fixed income markets. They want to recruit a senior credit analyst to work within their Fixed Income research division. The position involves carrying out in depth analyses of European corporates and assessing the impact of credit issues on bond markets. The vacancy is high profile in that you will be expected to advise in-house traders and sales staff on particular issues, make presentations to clients and assist the corporate finance department.

Applications are invited from those who have exceptionally strong credit skills gained within a major investment bank or rating agency who are frustrated by a lack of accountability in their present environment. You must have a good knowledge of bond markets and relative pricing. As a personality you will need to be confident and decisive with the ability to think laterally and present your ideas in a clear and persuasive manner. Fluency in a second European language would be particularly attractive.

Call Tony Sheppard.  
AUSTEN SMYTHE SEARCH AND SELECTION  
127 Chesapeake, London EC2V 6DH  
Tel: 071 680 2862 Fax: 071 726 4290

## GULF MARKETING INVESTMENT BANKING PRODUCTS c £80,000 package (negotiable)

Based in London the ideal candidate will support existing business and initiate expansion within the Gulf region, primarily from institutions, but also from high networth individuals and corporates. Ideally, you will currently be working for one of the major investment banks providing a range of investment and treasury products to most Middle Eastern countries. Above all else, you must be well travelled, and new business oriented, fluent in Arabic/English with a proven track record and high educational qualifications. The ability to demonstrate serious contacts will be an advantage.

Please send cv in strictest confidence to Ron Bradley

Jonathan Wren & Co. Limited, Financial Recruitment Consultants  
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

## Securities Custody

Opportunities in Hong Kong with the leader of a developing business in Asia Pacific

HongkongBank is a long established leader in the Asia Pacific Securities Custody business. As this extremely competitive business continues to develop we are restructuring to meet the needs of the market and to stay ahead of our competition. Each of these openings in our Hong Kong based Regional Securities Centre, is involved in this exciting initiative:

## Manager - Product Development

A customer driven marketing and communications challenge

The development of innovative products and services along with the proactive communication of product and market information to customers drives increased customer activity and therefore business. This is the central brief of this role.

Specifically you will gather information to identify market needs, plan, design and implement new products and services and through research ensure that they meet customer demands. You will also design and produce marketing materials and develop

new ways of communicating news and information, quickly and efficiently to customers.

You must be a marketing/communications professional in the finance or securities business with at least 10 years' experience, probably following a degree level education. Proven experience in developing and launching new finance oriented products will obviously be useful and you must be a creative thinker.

## Manager - Network Development

Use your banking knowledge to develop new securities custody business

The focus of this role is to develop our business throughout the Asia Pacific region by opening securities custody operations in new markets and bringing new services to established sites. Your involvement will span the identification of potential new sites and the undertaking of feasibility studies, through to the management of all aspects of start-up, including implementation of computer and

communications systems, staff training, client liaison and marketing.

You will work closely with management in Asia Pacific countries so you must be a very good communicator. A general banking background of around ten years is sought, giving you a thorough knowledge of the securities business and the systems, processes and products involved.

## Manager - Quality Control

Securities Specialist to maintain international and customer service standards

There are two key aspects to this responsibility. You will bring to bear your knowledge of the international securities business to ensure that our operations meet or exceed international regulatory requirements. At the same time you will establish the processes and procedures to achieve high quality standards of service.

Specifically this will involve designing and implementing quality control standards, ensuring

effective back-up procedures and systems and working with training specialists to formulate appropriate staff training programmes.

Your ten year background in the banking/finance business must include at least three years' experience in the securities business. You must also have well developed skills in analytical reasoning and be fully PC literate.

## Senior Relationship Manager

To deliver regional securities services on a global scale

We seek a Custody specialist who, as Senior Relationship Manager, can develop further the delivery of our regional securities services to a global customer base.

Managing and directing a Hong Kong based relationship management team and coordinating with Relationship Managers located in global markets, your main aim will be to add value and quality to all our customer services activities. This will include improving the quality of information provided to customers and general communication, ensuring that they are kept aware of market, product and service developments - you will

personally undertake a customer calling programme which will entail overseas travel. Reporting to the Manager Sales and Relationship Division, you will also have the authority to manage and sign off on significant business.

Following a tertiary education, you should have 8 to 10 years' experience in the global custody, securities services or closely related business. This should have given you the key qualities that this role demands; a comprehensive knowledge of stock market operations, strong relationship management capabilities and basic PC skills.

Each of these roles entails frequent travel throughout our network of operations and close liaison with management and staff in Asia Pacific countries. Communications capabilities to a high standard and the sensitivity to operate effectively in multi-cultural environments are therefore critical - previous experience overseas will be a big plus. On a two year contract each appointment also offers an 'Executive' status salary and benefits package.

In the first instance please write with full career details, specifying the position applied for, to John Small, Manager Executive Resourcing, Group Human Resources, HSBC Holdings plc, 10 Lower Thames Street, London EC3R 6AE.



HongkongBank

## JOSLIN ROWE

### CREDIT ANALYST

A degree educated Credit Analyst (aged mid to late 20s) with corporate analysis experience is sought by this premier international investment bank. Candidates will ideally have completed a recognised banking programme and be currently working for a major bank. Fluency in either French or German may prove advantageous.

### EUROBOND SALES

Due to the continued operation of its Fixed Income area, a city based Global Securities House seeks an experienced Eurobond Sales person. The opportunity is particularly attractive given the increasing portfolio of the Desk and its commitment to the market. Suitable applicants will have minimum of twelve months' sales experience ideally in Yen, US Dollar, and European currencies.

### EUROPEAN EQUITY OPS

Leading US Investment Bank urgently seeks a suitably senior and experienced individual with a knowledge of European markets, specifically Southern Europe. Candidates should possess a minimum of 3 years' experience from a high volume house. High levels of motivation and commitment are required for this demanding role.

### CORPORATE FINANCE ANALYST

U.S. Investment House with an excellent reputation for the R & D of innovative quantitative analytical techniques seeks an additional fully committed and motivated individual with a minimum of 3 years' experience in financial modelling methods. The role will involve the leading of various investment scenarios covering a wide range of derivative products.

See details of further vacancies on Reuters page 1471

TEL: 071 638 5286 FAX: 071 382 9417

Joslin Rowe Associates Ltd Bell Court House 21 Blomfield Street London EC2M 4YU

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Global Investment House

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Outstanding, experienced sales person to join small, high calibre team in highly successful investment management business.

### THE COMPANY

- Leading UK based global investment house.
- Investment management arm is a premier name with strength and depth in product range and performance.
- Culture is client driven and based on long term relationships.

### THE POSITION

- Senior sales role. Focus on new business development.
- Target pension funds and consultants throughout the UK. Present full range of global investment products.

- Liaise closely with colleagues in marketing and fund management roles.

### QUALIFICATIONS

- Probably a graduate. Minimum of three years successfully selling investment products to institutional investors.
- Mature, tenacious, disciplined sales style. Team player. Self motivated. Performance driven.
- Ambitious, energetic and credible. Solid technical knowledge of investment.

Please send full cv, stating salary, Ref M4112  
NBS, 54 Jermya Street, London SW1Y 6LX



NBS SELECTION LTD  
a Norman Broadbent International  
associated company



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## Project Finance Advice

London

One of the leading global houses is planning a significant expansion of its international project advisory business. Opportunities exist at all levels and remuneration will not be a barrier for the right people.

### THE COMPANY

- Highly successful, integrated investment Bank.
- Broadly based advisory business embracing corporate, structured and project finance.
- Strong existing reputation and record of success in creating winning financial packages for major infrastructure projects.

### THE BUSINESS

- To advise governments and private sector companies on the development of private sector infrastructure.
- Market sectors include transport, power, water and telecommunications.

- To develop marketing and execution expertise within a wide geographic area.

### QUALIFICATIONS

- All levels are sought from Director to Manager.
- All positions require significant record of success in, and detailed understanding of, project advisory work.
- Senior levels require a number of project mandates successfully concluded and successful client relationships.
- For junior levels, computer literacy is essential.

Please send full cv, stating salary, Ref M4111  
NBS, 54 Jermya Street, London SW1Y 6LX



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## Key development role in the Sharesave and AVC market

£35-40k + car + financial sector benefits

Central London + UK travel

An experienced and respected player in the financial services community, you're well aware of the success of Abbey National Plc. Vital to maintaining our leading position is our ability to compete in all available sectors, and recent changes in legislation mean that we are now able to exploit further our position in the Sharesave, AVC and associated markets.

Our commitment is such that we have created this new, senior position within our Business Development Unit. In this key role, you will develop and maintain the existing Sharesave and AVC market, whilst generating new business by promoting and selling to major employers and institutions. In close liaison with other senior managers, you will be responsible for achieving market share and profit targets across existing and new product ranges.

To succeed, you will need to have a strong network of contacts in the financial services communities, especially in the City, together with an in-depth knowledge of the operations of the Stock Exchange and related issues. A minimum of five years' proven sales ability selling complex financial products at MDA/Company Secretary level in large companies is essential, at least three years of which should have been spent managing Sharesave and corporate schemes.

Professionally qualified, you must be a first-class communicator with finely tuned negotiating and interpersonal skills. It is also vital that you have the credibility to present to, and influence, people at all levels.

In return, you'll enjoy a competitive salary and benefits which include concessionary mortgage (subject to eligibility), pension and share ownership schemes, profit share and subsidised BUPA, after a qualifying period. To support a healthy work environment, Abbey National has a no smoking policy.

If you're keen to move to a company that recognises and rewards effort and results, please write to Karen Nicholson-Jones, Field Personnel Service Centre, Abbey National Plc, Unit 2 Tarnant Court, 267-271 Upper Third Street, Central Milton Keynes, Bucks MK9 1DR.

Interviews will be held in Milton Keynes on the 2nd December 1993.

In pursuing our policy of equality of opportunity for all, Abbey National positively welcomes applications from every section of the community.



Promoting Success Through Equality

## FUND MANAGER

JAPANESE EQUITIES

Permanent position  
Montréal

Salary + Bonus  
+ Benefits  
+ Relocation Assistance

Largest Canadian Institutional Investor

The Caisse de dépôt et placement du Québec manages assets totalling more than CA \$41 billion (€ 20 billion), including the largest equities portfolio in Canada. It uses a variety of financial instruments: bonds, shares and convertible securities, mortgages, real estate, short-term securities and synthetic and derivative products. It is located in Montréal, an important North American financial centre.

Reporting directly to the Vice-President - International Stock Markets, the Fund Manager shall be responsible for setting up and managing the in-house Japanese/Asian equities portfolio and shall also participate in the global asset allocation of international equities.



demonstrate strong skills in financial analysis. A working knowledge of French is also required upon hiring or may be acquired within a reasonable period thereafter.

The successful candidate shall possess a university degree, preferably in Finance, with a minimum of five years experience in Japanese/Asian equities, two of which as a fund manager. This person should

be offered as well as a bonus program based on portfolio performance. Travelling expenses during the selection process as well as certain relocation expenses upon hiring shall be paid by the Caisse.

Applicants interested in taking up this challenge should forward their CV in confidence to:

Direction des ressources humaines  
Caisse de dépôt et placement du Québec  
1981, avenue McGill College  
Montréal (Québec) Canada H3A 3C7

We offer equal employment opportunities.

## STOCKBROKERS

An opportunity has arisen to become the focal point of a major marketing campaign to take on new stockbroking clients. Successful applicants will grow a substantial client base rapidly and, within a few years, earn an opportunity to run their own business unit. No requirement to bring an existing revenue base.

Our client, an innovative, profitable and rapidly expanding firm specialising in private client advisory services, seeks two stockbrokers (age 23-33) for its City office. With full support from the firm, and dealing with a broad range of stockmarket investments, you will be expected to display flair, energy and commitment in servicing and developing your client list.

Although experience in a similar environment would be preferred, exceptional personal qualities are even more important. Registered representative status is required. Initial basic salaries will be in the £25,000-£30,000 range and you will also participate in the firm's profit sharing scheme.

If you believe that you can succeed in this challenging role, please forward a career résumé, including current salary and day time telephone number, quoting reference 3333 to Graham Perkins, Touche Ross Executive Selection, at the address below. Since all replies will be forwarded direct to our client, please specify any firms to which you would not wish to apply.

Touche  
Ross



MANAGEMENT CONSULTANTS

111 House, 1 Little New Street, London EC4A 3TR.



## HEAD OF CREDIT (DESIGNATE)

Our client, a leading German bank, seeks a first rate Manager with comprehensive analytical and credit skills.

Initially based in Berlin prior to permanent relocation in London, this challenging position would require an ability to assess risk and develop business opportunities in a rapidly expanding institution.

Excellent German coupled with a minimum of five years credit experience within the U.K. is essential. The preferred age bracket would be 34-42 and a highly competitive salary will be offered.

Please apply with c.v. to:

Box No. B1738, Financial Times,  
One Southwark Bridge,  
London, SE1 9HL

## THE BANKER

BANK RESEARCHER/  
TECHNOLOGY JOURNALIST

THE BANKER, the monthly international banking magazine of the Financial Times Group, is seeking a researcher/journalist to join our Bank Research unit and editorial team.

The post involves the compilation and analysis of bank data for our various bank listings, including our Top 1000 listing, and writing in our Technology section.

The successful applicant will have strong numeracy and computer skills and will have a keen interest in technology issues. The position would appeal to a recent graduate.

Please send full CV to:

The Editor, The Banker, Greystoke Place, Fetter Lane,  
London EC4A 1ND

## CARL BRO GROUP

In connection with the further expansion of the Carl Bro Group's activities in Central and Eastern Europe and the CIS, we seek consultants for short and long term assignments for present and up-coming projects.

### Requirements:

- Master's Degree or equivalent in economics, finance, engineering or business administration.
- Minimum 10 years of postgraduate experience, including international development projects.
- Knowledge of the procedures of international donor agencies.
- Experience with aid programming and evaluation, sector and project monitoring, aid coordination and management and training.
- Fluency in English - plus working knowledge of one other major language, e.g. Russian, French, German.
- European nationality.

Interested candidates are invited to submit their applications, including detailed curriculum vitae, preferably per fax.

Carl Bro International a/s  
Consulting Engineers and Planners  
Att.: Fredrik Pinner-Jørgensen  
Gramsøvej 8  
DK-2600 Glostrup  
Denmark  
Telephone: +45 43 96 80 11  
Fax: +45 43 96 85 80



The Carl Bro group is a large international consulting engineering and planning company (staff 2,100) based in Denmark. The Company is a multidisciplinary group of companies undertaking a broad spectrum of assignments. Our approach is international and normally integrates technical, social and economic aspects.



## Corporate Finance Professionals

Swiss Bank Corporation is one of the world's premier investment banks with a successful and growing European corporate finance business. We intend to expand our London-based corporate finance team through the recruitment of one or more Associates who will assist in the origination and execution of transactions, concentrating particularly on strategic areas such as cross-border M&A/Advisory and capital raising.

Successful candidates will have two to four years' investment banking experience with a good track record in M&A execution. They will also have proven strengths in project management, well developed presentation skills and proficiency in financial modelling. They will need to be proven team players capable of working effectively under pressure. Candidates with an MBA or accounting qualification or with fluency in French or German will be preferred.

This is an outstanding opportunity to develop your career in investment banking. Please forward full details of your education and background to Cathy Hackett, Swiss Bank Corporation, Swiss Bank House, 1 High Timber Street, London EC4V 3SB.



## METALS TRADERS FOR ZOMET TRADING - LONDON

Exciting opportunity for non-ferrous primary secondary and scrap metals traders to join a growing team. Must be energetic, self-motivated, responsible, have a proven track record and at least 3 years of experience.

Send full resume in the first instance to:

Cuthbert Ward, Chartered Accountants, Clarendon House, 33 Hyde Street, Winchester, Hants, SO23 7DX.



We currently seek for a select number of major financial institutions seeking individuals with excellent academic qualifications for positions across all markets, in analysis, risk management, sales, structuring and trading. Please contact Brian Burgess quoting reference 0602 at: BCB Consulting Ltd, 17 The Green, Richmond, Surrey, TW9 1PX. Tel: 081 332 6677 Fax: 081 332 2240

## YOU & ABB

The Asea Brown Boveri Group is a global \$30 billion company serving electric power generation, transmission, and distribution customers as well as industrial and rail transportation markets. More than half of ABB's sales are in Europe, about one-fifth each in North America and Asia, and the remainder in South America and Africa. More than 210,000 employees worldwide contribute to the continuing success of the ABB Group.

We are looking for a dynamic, independent and internationally oriented Senior Auditor to join our small corporate audit team based in Zurich.

If you have a university degree in business administration or economics and two to three years' experience in operational auditing, preferably with an international industrial company, this position might be of interest to you. We expect a good knowledge of and experience in audit processes and methods, management systems and procedures as well as general accounting standards. You are an excellent communicator, fluent in English (mother tongue or equivalent), with a good working knowledge of German. Further European languages would be an asset.

The successful candidate will be responsible for the planning, execution, reporting and follow-up of operational audits in our companies, predominantly in Europe. He/she must be capable of leading, training and motivating small international teams, with minimum supervision. The position requires extensive travel (85-75% of actual working time).

If you are interested in this demanding and challenging opportunity, which offers qualified candidates good career prospects within the ABB Group, we invite you to send your resume to the address below by no later than November 19, 1993.

For more information, please contact

Ramón Fretz, Human Resources Manager, at +41 1 317 73 76.



## LEADING COMMERCIAL BANK LEGAL DOCUMENTATION SPECIALISTS

This prominent commercial bank is part of a major UK Banking and Financial Services Group. A creative and focused approach to the development of core businesses has led to significant growth which has resulted in the emergence of two exceptional opportunities within the bank's Treasury and Capital Markets area.

### MANAGER - DOCUMENTATION

This opportunity has arisen to support the sustained growth in the bank's derivatives business since 1992. Reporting to the Senior Manager within the Compliance Unit, responsibilities will involve the following:

- Preparation of ISDA documentation on swaps, options and other derivative products

- Negotiation of documentation to execution with inter bank and customer counterparties
- Development of documentation appropriate to new types of Treasury and Capital Markets business
- Close liaison with other business divisions in the bank, external advisers and regulatory bodies

Applications are invited for this new and challenging position from qualified lawyers with a substantial grounding in derivatives documentation within a major bank or City firm.

### ASSISTANT MANAGER - DOCUMENTATION

Deputy to the Manager - Documentation, this role will be responsible for the preparation and negotiation of derivatives documentation and the execution of agreements with other

financial institutions and corporates. The successful candidate is likely to have at least 1 year's experience of derivatives documentation and, although desirable, a legal qualification is not prerequisite.

Candidates for both these roles will require a mature, organised approach and the necessary commitment and drive to succeed within this team based environment. In return, the bank offers excellent prospects and a competitive salary package including full banking benefits.

This assignment is being handled exclusively by Robert Walters Associates and interested applicants should contact Simon Hankey on 071-379 3933 (fax 071-915 8714) or write to him at 25 Bedford Street, London WC2E 9HP.

ROBERT WALTERS ASSOCIATES

## HELP ESTABLISH NEW MARKETS. AND A NEW ERA IN TELECOMMUNICATIONS.

Technology has created tremendous changes in the telecommunications industry—and tremendous opportunity. Today, as a U.S.-based Fortune 500 international leader in telecommunications, we continue to plan for aggressive growth in new global markets. And we seek dynamic, multilingual entrepreneurs to join us.

### DIRECTORS OF BUSINESS DEVELOPMENT

- Poland
- Czech Republic
- Portugal
- Beijing

You will enjoy broad autonomy as you recommend investment opportunities in the areas of telecommunications privatization, cellular licensing and joint ventures. This will involve analyzing market trends and developing relationships with key decision makers and potential business partners.

Candidates must have extensive knowledge of the culture, language and business climate in which they intend to operate, strong financial and business evaluation skills, proven success developing partnerships and new ventures, and outstanding negotiating skills. At least 7-10 years in the telecommunications industry or related field is expected.

These positions offer impressive earning potential and opportunities for long-term professional development. For confidential consideration, please forward a resume and salary history (specifying preferred geographic area) to: Box B1727, Financial Times, One Southwark Bridge, London SE1 9HL, EOE.

## Compliance Officer Global Equities

London

£ Excellent Package

Our client, a leading British Securities House, is one of the largest market-makers and institutional brokers in UK and international equities and has a significant corporate broking business.

An outstanding opportunity has arisen to join its close-knit, high profile compliance team. Working with divisional heads, the role includes ongoing surveillance, maintenance of close links with regulatory bodies and consideration of regulatory policy and its impact on this growing business.

Candidates will have a thorough understanding of the workings of the equities markets both in the UK and overseas. A good working knowledge of both Stock Exchange and SFA rules is

essential. Relevant experience may have been gained from a variety of environments including operations, compliance, front office or related fields. The key requirement however is a strong personality and the ability to deal with professionals at all levels.

This is a superb opportunity to join a dynamic organisation which is at the centre of the UK equity market and has expanding overseas operations.

Interested applicants should contact Anna Williams on 071 831 2000 or write to her enclosing a full curriculum vitae and details of current salary package at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page City  
International Recruitment Consultants  
London Paris Amsterdam Düsseldorf Sydney

AAA-rated

City

## Our expanding Structured Finance Department requires a Senior Export Finance Officer

who will be responsible for initiating our export finance capability to meet the requirements of many of our UK corporate customers.

Aged 25-35, the successful candidate will have a sound knowledge of ECAs and other export finance techniques together with a proven track record of at least 3 years. PC literacy is a precondition, knowledge of German an advantage.

We are offering excellent prospects and a competitive remuneration package.

Please reply with CV giving full details of career to: The Personnel Manager, Bayerische Landesbank, London Branch, Bavaria House, 13/14 Appold Street, London EC2A 2AA.



Bayerische Landesbank  
Girozentrale

To advertise in this section, please contact  
Gareth Jones on 071 873 3199

Unser Mandant zählt zu dem kleinen Kreis der in der Welt führenden Top-Management-Beratungen. Zahlreiche Regierungen, internationale Institutionen sowie mehr als 50% der weltgrößten Industrie-, Bank- und Dienstleistungsunternehmen gehören zu ihrem Klientel. Das Beratungsangebot reicht von der Strategie- über die Informationstechnologie- und System-Beratung bis zum durchführenden Operations-Management. Das seit Jahren anhaltende und sich in der jüngsten Vergangenheit erheblich akzentuierende Wachstum resultiert aus zwei Faktoren. Zum einen aus dem unternehmerischen Impetus einer ausschliesslich aktiven Partnern gehörenden Unternehmung. Zum anderen aus einer hohen Branchenkompetenz durch aus Unternehmensleistungen kommenden Partnern: sie verbindet sich mit dem hohen theoretischen Potential der an den besten Universitäten der Welt ausgebildeten, hochengagierten Mitarbeiter zu ebenso praktikablen wie wegweisenden, unternehmens- wie bereichsbezogenen Problemlösungen. Sie werden in nationalen wie internationalen Teams erarbeitet und realisiert. Alles das gilt in besonderem Masse für die weltweit agierende Financial Services Group. Für das Management dieser Gruppe und die Expansion ihrer Aktivitäten suchen wir das Gespräch mit einer hochkarätigen Führungspersönlichkeit aus der Unternehmensleitung einer der führenden Banken bzw. Gesellschaften für Finanz-Dienstleistung oder aus dem Unternehmens-Finanzwesen. Das Alter: zwischen 38 und 45 Jahren.

Jüngere Unternehmer-/Manager-Persönlichkeit

## Geschäftsführender Partner aus Bank/Finanzwesen

Internationale Top-Management-Beratung der grossen Fünf

Sie werden sich fragen, weshalb Sie als erfolgreicher Bankler oder Manager in die internationale Top-Management-Beratung wechseln sollten. Die Überlegung: Wenn Sie heute bereits als Mitglied einer Unternehmensleitung tätig sind, dann haben Sie hier die höchste Stufe erreicht. Natürlich können Sie noch einmal in quantitativ grössere Dimensionen wechseln, aber letztlich bleibt der Charakter der Aufgabenstellung der gleiche und – auch das Eingebundensein in komplexe Abhängigkeiten. Im Gegensatz dazu die Top-Management-Beratung, wie sie unser Mandant versteht: Routine wird ersetzt durch wechselnde Problemstellungen und Unternehmen im In- und Ausland. Komplexe Abhängigkeiten geistigen, aber auch andere materielle Dimensionen ermöglichenden Umfeld. So bietet – bei durchblickender Analyse – die Partnerschaft in dieser Top-Management-Beratung noch einmal einen Strauss neuer Dimensionen in der unternehmerischen Ausschöpfung ihrer eigenen Potentiale. Diese Entscheidung ist nicht einfach, das wissen wir, sie ist facettenreich und persönlichkeitsabhängig. Deshalb bieten wir Ihnen an, uns mit Ihnen in einem persönlichen Gespräch mit dem Für und Wider einer solchen Alternative auseinanderzusetzen; wenn Sie wollen, im Sinne eines Strategieggesprächs. Hierfür, aber auch für einen ersten telefonischen Gedankenaustausch, stehen Ihnen Herr Dr. Dieter Kopsch, Telefon 089-644065, und Herr Klaus-Dieter Schaaf, Telefon 089-722002, zur Verfügung. Das gilt auch für Persönlichkeiten, die derzeit keinen Wechsel in Betracht ziehen, aber einen Gedankenaustausch über Perspektiven begrüßen würden. Schriftlich erreichen Sie Herrn Dr. Kopsch unter Postfach 367, 82027 Grünwald und Herrn Schaaf über Friedrichstrasse 58, 60323 Frankfurt/Main. Dabei dürfen Sie absolute Vertraulichkeit voraussetzen.

## DR. ROCHUS MUMMERT & PARTNER

Dr. Rochus Mummert, Heinrich C. Schön, Dr. Dieter Kopsch, Klaus-Dieter Schaaf und Jürgen Gillmann - Unternehmensberater

SA 401 801F

## APPOINTMENTS WANTED

### BANKING/BUSINESS CONSULTANT

Michael J. Pini

Let me help to solve problems, start up new projects, assist in establishing new jobs. Bring a mature experienced and common sense approach to any situation. Available by the day.

Write to Box B1742, Financial Times, One Southwark Bridge, London SE1 9HL.

Swiss woman, 24, (Germ, French, Engl) is seeking a position as

### COMPANION

Personal Assistant

In Spain, Mexico, Argentina. Min. one year. Must have possibility to study Spanish approx. 3 hours per day. Excellent references available.

Driving-Licence

Cipher 44-133'183 Publicitas, P.O. Box, CH-8021 Zurich.

### RUSSIAN / UKRAINE EXPERT,

Harvard educated PhD (Econ) native English, fluent Russian, French, German, some Ukrainian, acclaimed writer on post socialist economies, seeks London-based position analysing/developing MNS, East European markets.

Replies to Box B1744, Financial Times, One Southwark Bridge, London SE1 9HL.



A prominent and well established GCC Bank, located in Bahrain, currently embarked on a strategic business expansion and professionalisation plan invites applications from qualified professionals for the position of

## MANAGER - FOREIGN EXCHANGE

### MAJOR RESPONSIBILITIES

- Manage the Bank's Foreign Exchange Desk.
- Actively trade in the market for the Bank and its clients.
- Determine strategies for trading positions to maximise profits.
- Maintain relationships with customers and market counterparties.

### POSITION REQUIREMENTS

- Minimum 10 years relevant experience in FX and FX-related products including SWAPS, Futures and Options.
- Advanced knowledge of FX markets, economic trends and analytical methodologies.
- Strong numerate and decision making skills with the ability to work in an automated environment.

This is a challenging position with excellent salary and benefits and career prospects.

Please mail your application to: Ref. RL2, P.O. Box 5518, Manama, Bahrain.

## Investment Managers

(UK EQUITIES & OVERSEAS EQUITIES)  
HALIFAX

At the Halifax, we can boast the world's largest building society, the UK's foremost estate agency network and a substantial financial services business. In short, we're a multi-billion pound operation of approximately 24,000 people.

The effective management of our Pension Fund, with assets in excess of £700m, is an important link in the provision of a first class package for all our staff.

We now require two additional Investment Managers to join the team at our Head Office to be responsible for the management of the Fund's investments.

IDEALLY you will be a graduate and/or professionally qualified with a minimum of 5 years investment experience in a large self invested pension fund, or an institutional fund management organisation. You should also have a proven track record of success in your respective markets.

EACH post carries a remuneration package, commensurate with the high levels of skill and experience required.

To apply in confidence please send a full CV to: Assistant General Manager, Group Personnel (Ref. PFIN), Halifax Building Society, Trinity Road, Halifax, West Yorkshire HX1 2RG.

HALIFAX is fully committed to equal opportunities for all.



**The Royal Bank of Scotland**  
WHERE PEOPLE MATTER  
Committed to Equal Opportunities

## ACQUISITION FINANCE

A key role in the UK MBO/MBI market  
Scotland

The Royal Bank of Scotland is intent on becoming a long-term consistent participant in the UK Acquisition Finance market and is looking to make a senior appointment to its small, highly focused team in Edinburgh, which organises the debt element of Management Buy-outs, Buy-ins and similarly structured deals across the UK.

Candidates will have a successful background in Acquisition Finance, Development Capital or Corporate Finance. They will bring with them financial modelling skills, a "follow the deal mentality" and a strong personal credibility allowing an excellent interface with principal equity houses operating in the MBO/MBI market, firms of accountants and solicitors, corporate financiers and merchant bankers.

An attractive salary and bonus package will be on offer, as well as the opportunity to be a key player in an important niche market.

Please write with full CV to:

Willie Finlayson, Finlayson Wagner Black Ltd.,  
19 Alva Street, Edinburgh EH2 4PH. Telephone 031-539 7067.

FINLAYSON  
WAGNER BLACK

EXECUTIVE RECRUITMENT

## Senior Money Market Dealer

Gloucester Competitive package

C&G is one of the UK's top six building societies with assets of over £16 billion. We have achieved an impressive record of steady and sustained growth, largely by innovation in all aspects of our business and by rapid response to customer needs.

Our Treasury function is well established and enjoys an excellent reputation. Following expansion of the department we wish to recruit an experienced dealer to augment the money market team with responsibility for all tradeable sterling assets of up to one year in maturity, with particular emphasis on CD's.

You will be required to adopt a pro-active approach and establish and maintain a high profile in the market. It is unlikely that dealers with less than 3 years' experience would be suitable.

In return we are able to offer a role with considerable autonomy, recognition and responsibility in a dynamic growing organisation with excellent career opportunities and a competitive package.

To apply, please write with full curriculum vitae outlining current remuneration, to Karen Martin, Personnel Manager, Cheltenham & Gloucester Building Society, Chief Office, Barnett Way, Barnwood, Gloucester GL4 7RL.

**C&G Cheltenham & Gloucester Building Society**

## INSTITUTIONAL SALESMAN

Well connected salesman required by fast expanding PLC to introduce well established high quality investments to institutions and pension funds. Excellent commission terms.

Details to Box B1733, Financial Times, One Southwark Bridge, London SE1 9HL.

## MARKETING MANAGER

MARATHON ASSET MANAGEMENT

Marathon is searching for a Marketing Manager to develop and expand its UK and European pension fund business.

Marathon is a dynamic young company that has enjoyed much success in the United States pension fund market. Expansion in the UK is now a priority.

Marathon is a global equity specialist whose UK product is expertise in overseas stockmarkets. The firm does not offer traditional "balanced" services.

The successful candidate will be a graduate in his or her twenties/thirties, highly ambitious, investment oriented and with a minimum of 3 years experience in marketing with a large investment organisation. Applicants should be computer literate and able to use desktop publishing systems.

This is an opportunity to develop a meaningful business on the back of an original and successful investment approach. Compensation is negotiable but will contain a substantial incentive component.

Marathon manages in excess of US\$ 1bn for 15 clients.

Applicants should write in confidence, enclosing CV and details of current package, to:

Jeremy J. Hosking  
1st Floor  
115 Shaftesbury Avenue  
London WC2H 8AD

**MARATHON**  
Asset Management Ltd

## FINANCIAL ANALYST

London

Our client, a leading international investment house, seeks a highly quantitative, experienced analyst to develop derivative pricing and hedging models for its derivatives trading desk.

Applicants must be educated to at least first degree level in mathematics and/or physics and have a detailed understanding of stochastic calculus.

The position requires a minimum of two years' experience developing and using models for valuing and hedging derivatives within the fixed income, foreign exchange and equities areas. Exposure to 'exotic' derivatives such as Barrier Options, DMT Swaps, Basket and Spread Options would be desirable. In addition, trading experience would be particularly valuable.

Programming skills in Fortran and/or C, ideally within a Unix environment, are essential.

The position offers excellent career prospects as well as a generous compensation and benefits package.

Please write with a full CV and current salary details to: Terry West, Managing Director, Associates in Advertising, Confidential Reply Handling Service Ref: 721, 5 St John's Lane, London EC1M 4BH.

ASSOCIATES IN ADVERTISING

## MIDDLE EASTERN INSTITUTIONAL SALES REPRESENTATIVE

### THE COMPANY

- Subsidiary of a large European financial institution, and a high quality American investment management firm. Parents manage a total of over US\$75 billion.
- Full investment management product line.
- Marketing and management of investment services to institutions and high net worth individuals.

### THE POSITION

- Senior marketing position. Responsible for developing investment management mandates. Support provided by a long established presence in the Gulf Region.
- Job responsibilities include both marketing and client maintenance and communication.

### QUALIFICATIONS

- Prior proven record of marketing success.
- Preference given to candidates with knowledge of Mid Eastern institutional investors and business practices.
- Sales skills in English. Arabic desirable, French an advantage.

### COMPENSATION

- Highly attractive and open ended incentive compensation package.

Please forward letter, in confidence, with supporting statements of past success, resume and compensation history to Box B1746, Financial Times, One Southwark Bridge, London SE1 9HL. If there are companies you do not wish your application to be sent to, please mention it on the cover letter to the Financial Times.

## 中國銀行 Bank of China

An outstanding opportunity for marketing Far East securities

### Marketing Executives

Bank of China is a major bank ranked 11th in 'Euromoney Five Hundred' in terms of Shareholders' equity and has a well established presence in London and other major financial centres.

With a view to expanding business and applying to become a member of SFA and selling Far East securities to institutional investors in the UK and continental Europe, the bank seeks to recruit two marketing executives.

Applicants should have a sound knowledge and experience in this field and possess a high level of motivation with effective communication skills.

If you would like to be considered for this opportunity, which offers the challenge and prospects associated with the start of the bank's investment activities in the UK and continental Europe, please forward your detailed Curriculum Vitae to the address below. All applications will be treated in the strictest confidence. The bank is an equal opportunities employer.

Senior Manager  
Personnel Department  
Bank of China,  
90 Cannon Street,  
London EC4N 6HA

## INVESTMENT ANALYST

Scandinavian Equities

Our client is a major securities house with an excellent research product and well established global distribution. They seek a high calibre individual to join their highly regarded European equity team and build their analytical coverage of Scandinavian companies.

Candidates must be well qualified with fluency in a Nordic language, experience of interpreting company accounts and an understanding of the Scandinavian economy and its major industry sectors. Experience will ideally have been gained through investment research but strong analytical ability, market orientated thinking and good written and verbal communication skills are the most essential criteria.

This position should appeal to a highly motivated individual who now seeks the scope to make a valuable contribution within a leading research team. For an initial discussion in confidence please contact us, quoting ref. 4685, at 20 Cousin Lane, London EC4R 3TE. Telephone 071-236 7307, or Fax 071-489 1130.

STEPHENS SELECTION

A PART OF STEPHENS CONSULTANTS  
London Edinburgh New York Hong Kong

## PRIVATE BANKING (MIDDLE EAST/AFRICA REGION)

Three UK merchant banks seek graduate bankers aged 27-32 years, fully trained in: credit/risk evaluating, pricing and documenting, high-value tax-based deals in the £10 million plus range. Salaries Neg. £24-230,000. As above but with several years marketing/negotiating experience. To £40,000 + benefit.

### BIG TICKET LEASING/ASSET FINANCE

Three UK merchant banks seek graduate bankers aged 27-32 years, fully trained in: credit/risk evaluating, pricing and documenting, high-value tax-based deals in the £10 million plus range. Salaries Neg. £24-230,000. As above but with several years marketing/negotiating experience. To £40,000 + benefit.

### BOND TRADERS

US Treasuries and US\$ Euros. £250-£50,000.  
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Please reply in writing to:  
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We are seeking a highly numerate Business Analyst, with strong PC and modelling skills, to work with the Group Finance Director on corporate development.

This challenging role will include financial modelling, corporate strategy, acquisition screening and other special projects at a Group and operating company level.

Candidates are likely to be in their mid 20's, and must have a good quantitative first degree (eg Maths, Economics, Engineering), followed by 2-3 years as an

Analyst/Associate with a leading Strategy Consultant, Accounting firm, Securities House or Industrial Group.

This is an exciting opportunity to work on key strategic and financial issues with the Board of this major PLC. It is anticipated that this position will lead to a general management role.

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Salary will depend on experience, total package will include bonus, car, and other executive benefits.

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## ACCOUNTANCY COLUMN

## Time is running out for improving relations

Agreement is still far off in the merger talks between the professional bodies, writes Andrew Jack

Head of Unit  
Joint Insolvency Monitoring Unit (JIMU)  
c.£45k + benefits

The Joint Insolvency Monitoring Unit, a company limited by guarantee, is being set up to monitor the activities of Insolvency Practitioners (IPs) licensed by a number of regulatory bodies, comprising initially the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Scotland and the Insolvency Practitioners Association.

The unit will be responsible for conducting visits to the offices of IPs and preparing reports on the adequacy of the systems and controls in IPs' offices and on the fitness of IPs themselves. The unit is expected ultimately to have about ten staff members.

JIMU requires an experienced Insolvency Practitioner to head the unit and to assist in its development as the insolvency profession's independent monitoring body.

The Head of the Unit will need to demonstrate experience and abilities in a number of areas:

- A team leader and administrator with good organisational skills
- The ability to liaise with professional bodies and the Department of Trade
- Good communication with experience in public relations
- Investigative and problem solving abilities
- Ability to handle technical issues
- Ability to recognise educational and training issues

The JIMU Steering Group will shortly be undertaking interviews for the new and challenging post. Interested candidates should apply initially to Alison Owens, Personnel Manager, Institute of Chartered Accountants, PO Box 433, Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ.

ABERFORTH PARTNERS  
Accountant - Edinburgh

Aberforth Partners, an investment management firm which also provides corporate secretarial and related services to a number of institutional clients, wishes to recruit a qualified accountant.

Applications are invited from individuals who have investment administration experience. Computer literacy is essential. Duties will include production of annual reports, corporate secretarial responsibilities and development of management information systems.

Salary is negotiable and will be commensurate with age and experience.

Applicants should forward a complete Curriculum Vitae to:

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14 MELVILLE STREET, EDINBURGH EH3 7NE

Time is running out for a secretive series of discussions between the principal UK and Irish accountancy bodies. Regardless of the outcome, the clock may also be ticking for the very future of these bodies themselves.

At several gatherings on the relatively neutral territory of KPMG Peat Marwick's Salisbury Square offices in London, senior representatives of the six leading professional bodies have been trying to find some common ground over the last few months.

Top elected officials and secretariat staff have come together from the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Scotland, the Institute of Chartered Accountants in Ireland, the Chartered Association of Certified Accountants, the Chartered Institute of Public Finance and Accountancy (Cipfa), and the Chartered Institute of Management Accountants (Cima).

The chairman of this working party is David Bishop, a partner in the management consultancy practice of KPMG, and the immediate past president of the Certifieds. His specialism is change management. This job is probably the hardest he has ever taken on.

It is an unusually powerful gathering. The names of the different organisations are hard to squeeze into a single paragraph. Their combined membership is about 200,000. And the amount of time and effort put in by their senior figures to collaborate is probably unprecedented.

But it may all be wasted. Fundamental questions still divide many of

those assembled round the table. And they have just one more meeting next week before producing in mid-November a final report from the incompatible proposals in the draft discussion documents now circulating.

What is most remarkable to any outsider who cares to take an interest is that there are so many professional accountancy bodies; and that there has been no significant merger since 1957, when the Society of Incorporated Accountants merged with the Institute of Chartered Accountants in England and Wales.

Since that time, there have certainly been some bloody attempts. All have failed. The Scots spurned combination with the English Institute in 1982, partly from fear of being subsumed by a Sassenach body. Discussions between the English and the Certifieds in 1988 and Cipfa in 1990 also foundered.

Most painful was the 1970 attempt between the Certifieds and the English Institute. Its failure led to the creation of the cumbersome Consultative Committee of Accountancy Bodies (CCAB), nominally representing the six organisations, but staffed and chaired by the English Institute, which also dominates CCAB's representation on international bodies.

Ever since a gulf has opened up, widened by new, alien forms of training - such as masters of business administration - poaching recruits who would have traditionally become accountants; and by growing competition between the bodies in marketing their qualifications in this country and overseas.

As a result, it should come as no

surprise that the original timetable, in which the Bishop working party was to report back in July, has been delayed. It has been only through careful diplomacy that all the participants have remained around the table up till now. It would be nothing short of a miracle if they emerged in agreement at the end of this month.

Two principal models are up for discussion. The first is rationalisation: combining the different bodies while supposedly preserving their different strengths. It is the approach favoured by the English Institute, which argues for fewer bodies in the public and members' interests. It is apparently endorsed by Cima, but would probably require separate regional bodies for Scotland and Ireland.

The second model is harmonisation: to increase co-operation while maintaining separate identities. The Scots maintain their reservations about being swallowed up and turned into a regional administrative body with control in London. Their traditional ability to be flexible would be lost.

The other bodies also have serious doubts about how effective full-scale merger would be in the short-term, and would prefer to move in that direction more slowly. As a result, there is a complex array of intermediate approaches, with closer involvement on issues such as training, ethics, discipline and international affairs, while the governing bodies remain separate or delegate some partial authority to an over-arching body.

But these debates have become a sideshow to what many see as the

main motivation behind the discussions: the destruction by the English Institute of the Certifieds. There is growing disillusionment with the way the process has been handled.

At its crudest, this is a class issue: the smooth old-school ties of the chartered accountants who moved through university and training-while-earning with accountancy firms, against the more aggressive, opportunity-seeking boomer boys who often had much less automatic training with their firms.

It is reflected in a snobishness in some quarters about the perceived need to maintain the value of the chartered accountancy qualification. But that attitude has also led to the complacency from which the English Institute is now suffering.

The Certifieds have seen their reputation, student numbers and financial strength grow in recent years, both in the UK and overseas. Travel to eastern Europe, China and even some accountancy firms in Britain, and their qualification has become the one of choice.

As their own enrollment has dropped off, the chartered have jealously fought back, though not entirely successfully. They began a programme of training outside public practice, though just a few dozen have taken up the idea. They have launched a foundation headed by a former ambassador to provide assistance in eastern Europe. There is a review of training under way, reflecting the need for far greater flexibility in both subject matter and how training is structured.

The indications are that the English

institute has no interest in merging with the Certifieds except on extremely dominant terms. What some believe it wants to do is to take over the association, either by swallowing it entirely or merging with other professional bodies so it can attempt to defeat it in head-on competition.

Critics point to efforts at the CCAB by the English Institute to steamroller through rationalisation as a topic for discussion: and to conduct market research on members of the bodies with questions deliberately phrased to elicit responses suggesting rationalisation as the only answer.

There are certainly legitimate points for debate about the Certifieds: the nature of the exams, how they are marked, how often people are allowed to re-take them and still qualify, and so on.

Equally, there are arguments about the sustainability of the Scottish and Irish bodies as separate entities, and about the nature of the qualification at Cipfa, which focuses on a sector in flux. None of the bodies can claim anything like perfection in the services they provide. Combining any of them would require careful compromise.

There also is a more fundamental question about whether accountancy is truly a cohesive profession with a core that can be accommodated in a single body or set of exams.

But the arrogant atmosphere that many of the bodies seem to be detecting in the current discussions is not conducive to constructive resolutions. A change in this attitude is necessary if anything in the public and members' interests is to emerge.

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Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AEB82 on both envelope and letter.

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Applicants must be graduate Chartered Accountants, aged up to 35, who can demonstrate a good track record of achievement to date. It is a pre-requisite that the individual will have strong commercial skills with the ability to manage and implement change. Experience of high volume or service businesses will be an advantage.

The salary package indicated reflects the importance of the role with a significant bonus element to reflect the individuals contribution to profit performance.

Interested applicants should write to Nick Stephens enclosing a full resume to:  
Nicholas Andrews,  
126 Colmore Row,  
Birmingham B3 3AP.  
Fax: 021 236 5350

## Nicholas Andrews

## wigwam

## Director of Finance

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- Contribute to strategy and overall business development as a key member of the management team.

Please apply in writing with a full CV and salary details, quoting reference 90486/B, to Susannah Truswell

## THE REQUIREMENTS

- Graduate, qualified accountant, perhaps with MBA.
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For further information contact: Matthew Phelps on (071) 996 2040 or write to him at Brewer Morris, Ludgate House, 107 Fleet Street, London EC4A 3AB. Alternatively call him outside office hours on: (071) 511 1454.

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For an information pack and application form, contact the Association's advisers: HACAS Recruitment, United House, North Road, London N7 9DP. Telephone: 071-609 9491 Fax: 071-700 7599. If you would like to discuss this job informally and confidentially, call either David Aspinwall, OCHA's Director, on (0865) 66633 or Jeff Ebron of HACAS on 071-609 9491. Closing date for receipt of completed application forms: Monday 15 November 1993 at 12 noon.

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# Finance Director

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### QUALIFICATIONS

- Commercial, qualified accountant, aged 35-45, with sound knowledge of financial management and costing systems from the manufacturing sector.
- Energetic, profit conscious team player with hands-on approach.
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Please send full cv, stating salary, Ref M4215 NBS, 54 Jersey Street, London SW1Y 6LX

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excellent presentation and strong communication skills. Applicants should be qualified accountants or MBAs aged 26-35, with experience gained in one of the above areas with a blue chip employer in industry, commerce, financial services or consultancy.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref 100193, to Diane Forrester ACA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.



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Is this the opportunity you have been looking for? We need the type of financial mind that is able to implement the best systems, provide effective financial monitors and controls, interpret business trends, and offer advice and support to customers as well as to colleagues in the business.

Beyond the obvious qualifications you must be confident in authority and capable of making decisions, with a flexible approach which balances logical analysis with commercial acumen, and the personality to inspire a team while adopting a cross-functional perspective.

Your efforts will make a tangible contribution to the bottom line and indeed will be essential to achieving targets - and this will be reflected in an excellent basic salary and substantial bonus potential. The real reward though is the chance to influence the business and grow with it.

If you feel you have the skills and experience to accept the challenge, please send your full CV and salary details to Alan Birch at Macmillan Davies, Salisbury House, Bluecoats, Hertford, Herts SG14 1PU, quoting reference MD3464. Telephone (0992) 552552.

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management and strong cash management. Above all the successful applicant will bring a strong commercial input to strategic business development.

The appointee will be a graduate ACA, ACCA or ACMA, aged ideally 30-35 with a career background which includes experience of working in a contract engineering environment and reflects a familiarity with multi-currency deals. Strong accounting, systems and communication skills must be blended with a high degree of commerciality which, in turn, should be complemented by an ability to make sound commercial decisions based on considered judgement and a highly developed capacity for forward planning.

If you feel that you have the experience and aptitude to meet this exciting challenge, please apply in writing with CV, giving details of your current remuneration and quoting reference F/2328 to Paul Bailey, Ernst & Young Corporate Resources, Lowry House, 17 Marble Street, Manchester M2 3AW.

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- Optimise gross margin contribution by effective cost control in all areas of the business.
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The successful candidate will be able to demonstrate a record of achievement in fast moving and rapidly changing business environments. You will also be charismatic, energetic and task orientated with an eye for detail and above all a decision maker.

To apply, in the first instance write quoting ref DL168 to: David Loots, David Loots Associates, Furness House, Salford Quays, Manchester M5 2XJ. Tel: 061 876 0866.

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For a detailed and confidential discussion, please call PAUL GOODMAN at GMS on 071 336 7711 (or at home on 081 445 0666). Alternatively write including your CV to GMS, 2 Bath Street, London EC1V 9DX.



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Candidates in the 35-45 age range will be qualified accountants with possibly an MBA or engineering degree and a track record of success. Personal skills will essentially include qualities of leadership, good verbal and written communication and the toughness of mind to win.

Please apply, in writing or video presentation, with comprehensive details to:  
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A proactive, resourceful and disciplined management style is essential and personal characteristics must include excellent communication skills, self-confidence and enthusiasm.

This role offers high exposure at executive board level and there are excellent prospects for career progression within this successful group.

Please send a full CV in confidence, quoting reference number 2347 on both letter and envelope, and including details of current remuneration.



SEARCH &amp; SELECTION

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## Finance Director

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- planning and analysis - ensuring the implementation of a clearly defined strategy;
- MIS - managing a major systems development programme;
- project finance - developing innovative methods of funding for major projects, managing risk and

maximising revenue-earning potential.

Candidates should be graduate-qualified accountants aged 35-45, with a successful track record of financial management at a senior level in a blue-chip, multi-site organisation, characterised by sophisticated systems and rigorous management reporting. First-class leadership and systems development skills are mandatory, together with evidence of a genuine contribution to the commercial running of a business.

The Finance Director must be energetic, creative and action-oriented, persuasive and disciplined, with a strong team approach.

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c. £26,000 + performance related pay.

Community Housing Association is a leading inner city housing association providing affordable housing for rent in North London. Due to the expansion of the Association and the restructuring of the Finance Department we are seeking a qualified accountant to take charge of our accounting systems and transaction processing.

Reporting to the Finance Director, you would take charge of a team of five, and whilst we are looking for good technical skills, the ability to lead and motivate staff is paramount. A background in housing or commercial property is not essential, but we will expect you to have a first rate understanding of accounting systems and internal controls. You will need to be assertive and able to communicate clearly both orally and in writing. Because the Association is growing significantly and is in an industry which is constantly changing, you will need to be innovative and creative. Because you will have responsibility for all transaction processing as well as the preparation of the Association's statutory accounts, you will have to be able to demonstrate experience of keeping to deadlines in a fast moving environment. It will help if you are in sympathy with the Association's social objectives, but you must be able to work to the highest commercial standards.

Benefits include 25 days annual leave, six additional recess days, permanent health insurance, pension scheme and season ticket loan scheme.

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FINANCIAL TIMES / LES ECHOS

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Animateur d'une petite équipe, vous veillerez à améliorer les procédures internes afin de respecter impérativement les délais de clôture des résultats déterminés par le Groupe.

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Agé d'environ 35 ans, de formation supérieure, titulaire du Higher Diploma in Accounting, vous avez acquis une dizaine d'années d'expérience en milieu industriel dans des postes qui vous ont permis de maîtriser parfaitement la comptabilité anglo-saxonne et la française.

Nous vous remercions d'adresser votre dossier de candidature sous la référence FT/5143/A à notre Conseil COOPERS & LYBRAND Consultants Recrutement 32, rue Guersant 75833 Paris cedex 17. Les premiers entretiens auront lieu à LONDRES.



RECRUTEMENT



## Lesotho Highlands Development Authority

Set in the heart of the spectacular Mountain Kingdom of Lesotho, and close to the legendary mountainous 'Barrier of Spears' - a high-tech \$multi-billion water project providing hydro-power for Lesotho and water for the republic of South Africa. A joint venture by the Lesotho and South African Governments, controlled through the Lesotho Highlands Development Authority (LHDA), the magnitude and complexity demands financial control

of the highest order. These two-year contractual positions, based in Maseru, call for both specialist expertise in key financial areas, and a commitment to work with and train competent local successors over the contract period. Consequently, only a CA, CMA or similar high level qualification is acceptable. Working experience in developing countries would be an advantage and fluency in English is essential.

### Advisor to the Chief Accountant

This role is ideal for a decisive, independent organiser with strong man-management and interpersonal skills, and several years' proven financial management experience gained in the public or commercial/contracting sectors. Essential is the ability to advise on, and implement, generally accepted accounting principles, and computerised control systems.

Reporting to the Chief Accountant, key responsibilities include control of the complex computer based general ledger accounting system, preparation of decision-critical monthly management and financial accounts, and annual audited accounts. The nature of these activities naturally calls for the ability to liaise at management and financial level with various other executives and accounting sections. You will need a dynamic blend of high level consulting expertise and practical line management responsibility. Ref. A22A31

### Financial Analyst

Costs and Budgets

This is an opportunity for a cost and bottom-line focused expert in the development and effective utilisation of computerised cost and budgetary control systems. Several years' specific related experience gained in an industrial/contracting environment is essential, as is a sound understanding of cost analysis and management information needs.

Skills application areas include the preparation and interpretation of detailed user-friendly cost and management reports; facilitating the accurate allocation of costs and financing charges; preparation of comprehensive short-term and revised budgets. Ability to maintain and develop appropriate computerised systems to meet changing management needs is equally important. Ref. A22A32

### Accounting Advisor

General Ledger, Accounts Payable and Payroll

All-round responsibility for a meticulous and disciplined 'numbers' person whose years' of specific experience in these areas will ensure ability to both advise on, and control, the operational effectiveness of the sections, related systems and controls, and meeting of appropriate deadlines.

Specific responsibilities encompass general ledger input and validity; payroll preparation, validation and disbursement; ensuring correct allocation and payment of local and overseas creditors, and effective control of internal and external debtors. Equally essential is skill in the maintenance and upgrading of existing computerised systems to meet future needs. Ref. A22A33

Outstanding tax-effective expatriate packages will be negotiated, including housing and education allowances, relocation expenses and air fares.

Applications, accompanied by a detailed CV including mention of current remuneration, should be sent by post or fax to arrive no

### Accounting Advisor

Contracts

This key management advisory post calls for specialist expertise in the contract accounting and administration field, to ensure that the costs and status of multiple major international contracts are correctly reflected and controlled at all times.

Vital performance areas range from ensuring the efficient operation of the Contracts Division, and the accurate timely reporting of costs and liabilities to management, to preparation of appropriate reconciliations to Engineers' progress certificates, and funding sources; maintenance and upgrading of computerised contract accounting systems; inter-departmental/divisional cost comparisons; and an enlightened approach to staff training, development and assessment. Ref. A22A34

later than 3 November - to Douglas Austin, MSL Group Limited, 32 Aybrook Street, London W1M 3JL, tel: 071-487 5000, fax: 071-224 2350, quoting the appropriate reference number. Mr John Ray, Consultant to the Authority, plans to conduct interviews in London in late November.

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## FINANCE DIRECTOR

### FINANCIAL SERVICES

Central London

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Reporting to the Chief Executive you will control a department comprising high quality individuals responsible for financial accounting and reporting, internal audit and information systems management. As a member of the management board, you will also work closely with other senior executives on a variety of business projects requiring your financial expertise.

Probably in your 30s and a graduate chartered accountant, you will have a strong academic and professional background and excellent post qualification experience gained in a first class organisation in the financial services sector. With a combination of technical rigour, commercial vision and management ability you will contribute actively to the development of the company and may expect to join the full board in the short to medium term. Intellectual, self-confidence and personal energy are essential characteristics in this interactive, non-hierarchical environment.

Please send your CV, including current remuneration and daytime telephone number, quoting reference 3332, to Neil Cameron, Touche Ross Executive Selection, at the address below.

**MANAGEMENT CONSULTANTS**

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Rapid growth necessitates expansion within the Controllers department giving rise to a number of opportunities at various levels.

These range from a senior individual with 5-6 years banking experience, gained within the industry or accountancy profession, to graduate "high flyers" with derivatives exposure of at least one year.

#### These roles encompass:

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- ability to understand the risks inherent in complex trade structures
- working within an integrated team of professionals to further strengthen Risk Management through the continuous enhancement of systems controls

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- be highly numerate

### EXCELLENT PACKAGE

- have in-depth derivative product experience in at least one of Fixed Income, Equities, FX or Commodities
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A healthy expanding major Lloyd's Underwriting Group requires a bright forward thinking qualified accountant to assume responsibilities for Financial Accounting and day to day management of the treasury, cash, budgeting and expenses functions.

The candidate will operate just below board level reporting to the Group Accountant and be part of a small management team responsible for the operation of the Managing Agency subsidiary.

Applicants will be aged between 28-35 and must be exceptional. We are seeking a graduate with a broad commercial experience, and ability to meet tight deadlines, good management skills, an innate ability to communicate at all levels and think strategically.

Interested applicants should forward a comprehensive Curriculum Vitae to: Miss Debbie Maul, Murray Lawrence & Partners Limited, One Whitlington Avenue, London EC3V 1LE.

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## Financial Controller

### North London

c.£50,000 + bonus + benefits

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Reporting to the Finance Director and managing a team of fifty, you will be responsible for spearheading the development of a more analytical, value adding finance team. The role will include financial accounting, management reporting, performance analysis and budgetary control. You will improve efficiencies in revenue accounting and credit control, liaise with Head Office for Group reporting purposes and contribute to a major systems development project.

Interested candidates should write to BBM Associates Ltd (Consultants in Recruitment) at 76 Watling Street, London EC4M 9BJ quoting Ref 236 and enclosing a full Curriculum Vitae which should include contact telephone numbers. All applications will be handled in the strictest of confidence.

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## FINANCIAL CONTROLLER FRANKFURT

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An exciting new post has been created at the pan-European headquarters near Frankfurt to control financial, accounting, treasury and commercial matters in existing and planned operations throughout Europe and the Middle East.

A self motivated, qualified graduate accountant is sought, probably aged 35-45 who ideally has worked in a UK plc, resided outside the UK, and has solid experience in controlling the financial affairs of service businesses in several countries from a remote location. Experience of financial and legal requirements and practices in differing cultures including the Middle East would be ideal as would the setting up of appropriate local accounting systems. Fluency in German and English is essential and French, Russian, Polish or Arabic would also be useful. A good communicator and motivator with high commercial intellect, international experience should also include identification of potential acquisitions and JVs as well as contract and price negotiations. The remuneration package is fully negotiable and opportunities for career development are excellent.

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Interested candidates should write enclosing comprehensive career and salary details to Tony Saw, quoting reference K258, at the address below.

KPMG Selection & Search  
1-3 Dorset Rise, Blackfriars, London EC4Y 8AE

## Finance Director Commercial Responsibility

### London

### Attractive package and equity

Our client is a very well established architectural practice within its sector, both in the UK and its chosen overseas locations, providing an increasingly creative and practical set of professional skills to a broad range of commercial and public sector organisations. A number of award winning projects have been completed, particularly for shopping malls and dedicated offices. The practice is incorporated, with a present turnover of around £6 million and some 125 staff. The future plans include an increasing emphasis on a market led, commercially astute and imaginatively structured approach to the provision of practical, creative architectural designs for clients who have a direct interest in the use of the building. The management style is creative and determined, with a growing emphasis on strong financial controls, which are commercially realistic.

Reporting to, and working closely with the Chairman and Executive Director, you will be directly responsible for establishing effective financial controls, the improvement of well developed information systems to provide commercially useful management reports and the development of financially alert business skills throughout the Company to match, then enhance, the highly developed core professional skills. These require respectively: rigorous numerical analysis; clarity in defining the required information; enthusiasm for integrating the financial function as a constructive contributor to overall business success. These combine to

provide a diverse and stimulating challenge to create and implement business plans.

Candidates should be graduate, qualified accountants, with some ten years financial management experience in a market led, professional practice or technical service industry. Professional skills should include comprehensive financial skills, commercial acumen, experience of managing change, the overall design and effective operation of information systems; personal qualities will include intellectual energy, leadership, tenacity, persuasive communication and resilient enthusiasm. These requirements are most likely to be found in someone over 35.

This stimulating and challenging role will appeal to candidates who seek full responsibility for financial and information management in a technically able, market led, commercially disciplined business.

Please send a summary of how you match this requirement, with a curriculum vitae and salary details, quoting Reference PD 478, to Peter Dell at Ernst & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3NH.

ERNST & YOUNG

## Director of Finance & Management Services

### North London

Package circa £40K

ACTIONAID is a leading charity reaching up to 2 million people in the poorest parts of Africa, Asia and Latin America and works to create the conditions under which poverty can be reduced in the future. ACTIONAID aims to tackle the causes and effects of absolute poverty by planning and integrating long term development programmes.

The charity now wish to recruit a Director of Finance and Management Services to take over from the present incumbent who leaves in December 1993. The chosen individual will have responsibility for the overall financial stewardship and preserving the financial integrity of the organisation, for the formulation of financial policy and long term financial strategy. The department consists of IT, Finance, Accounting, Administration and Company Secretariat.

Apart from the more usual aspects of this role, a knowledge of UK charity law would be a considerable advantage. Ideally aged 38-48 and a qualified accountant, you will have a working knowledge of the 'not for profit' sector and a strong financial background. Strong technical skills in both finance and IT are essential, as is a track record in strategic planning. Commitment to the ACTIONAID ideals is also essential.

This is a challenging opportunity to assume a key role in a major charity. The remuneration package will be in the region of £40K depending on experience. Interested candidates should send comprehensive CVs and salary details, quoting reference A887 to Tony Saw at the address below.

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## OMAN BANK CHIEF INTERNAL AUDITOR AGED 35 - 45

A Chartered Accountant, preferably also a member of the Institute of Internal Auditors, is required by a leading bank in the Sultanate of Oman.

The successful applicant will have a minimum of 10 years post qualification experience in the banking sector and extensive internal audit experience. A good knowledge of computer based systems and their controls is necessary.

The main role of the Chief Internal Auditor is to manage an internal audit programme to ensure that the highest standards of control are exercised by the bank, and all members of staff are aware of correct and efficient operating procedures. He or she will need to demonstrate a thorough grasp of the theory and practice of both banking and auditing, an ability to work independently with initiative, good written and oral communication skills and a degree of tact and discretion.

The post carries a negotiable salary, free of tax in Oman, likely to be equivalent to £40,000 p.a., (or above where the experience of the successful candidate so merits), furnished family accommodation, a company maintained car and family private medical cover are also provided. Leave is 5 weeks per annum with annual first class return air fares for all family members.

Initial interviews are anticipated to be held in late October/early November. Applicants should submit their CV and covering application in writing promptly to Karen Millard, Recruitment Division, Charles Kendall & Partners Limited, 7 Albert Court, Prince Consort Road, London, SW7 2BJ or fax 071 581 5761.

Please quote reference MPP/223.

## PARTNERSHIP ACCOUNTANT SALARY NEGOTIABLE

Required to head Accounts Department of 30 partner Central London law firm. Should be qualified accountant with proven managerial and technical skills. The appointee will supervise 7 staff, prepare budgets and regular management information, and be responsible for the implementation of a new computerised accounting system.

Apply with detailed CV to Box B1732,  
Financial Times, One Southwark Bridge,  
London SE1 9HL

## FINANCE DIRECTOR £ negotiable + benefits

A privately owned and successful interior design and contract furnishing group located in London is seeking to appoint a Finance Director. The successful candidate will report to the MD and will be a qualified accountant with at least five years of post qualifications experience of dealing with the commercial aspects of the business.

Initially the candidate's duties will involve the restructuring of the group and, on an on going basis, provide support to the MD in administrative, contractual and financial matters.

The position has a potential for strong career development for a candidate with the right ability and experience.

Please write to Box B1745, Financial Times, One Southwark Bridge, London SE1 9HL enclosing your detailed CV.

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## COMMODITIES AND AGRICULTURE

## Cocoa market 'near a turning point'

By William Keeling  
in Nusa Dua, Bali

THE PROSPECTS for the cocoa industry, beset by years of low prices and overproduction, are finally improving, according to speakers at the International Conference on Cocoa Economy in Bali.

"We appear to be near a turning point with low prices depressing production and stimulating consumption," Mr S. Wateridge, Director of Research at E.D. & F. Man, the UK commodity trading house, told the conference yesterday.

Cocoa analysts note cocoa's world market price has risen more than 25 per cent in three months to more than \$950 a tonne and Mr Wateridge predicted a further rise to \$1,400 within 18 months.

"The production increases of the mid-1980s are no longer apparent, with the exception of Indonesia," said Mr Wateridge. "Consumption has expanded rapidly despite economic collapse in the former Soviet Union and recession in western Europe and the USA."

World production is forecast

Cocoa prices at the London Commodity Exchange touched the highest levels for more than five years yesterday, with the March futures position peaking at \$991 a tonne, writes Richard Mooney.

Most of the gain was surrendered, however, and the price closed at \$975, up just 27 on the day.

As the market was rising, dealers suggested to the Reuters news agency that it had

at 2,34m tonnes this year, up from the 1.8m tonnes average of 1984-85. While world consumption in 1993 is forecast at 2,44m tonnes, it only rose above production levels a few years ago after seven years of surpluses.

Delegates were split on how the industry's changing fortunes would affect the proposed long-term production agreement discussed by producing nations last July in Geneva. Following the Geneva meeting, the International Cocoa Organisation began a four-and-a-half year timetable to sell its stocks of 230,000

ended its recent "correction" phase and resumed an upward slide on an impending supply deficit and supported by a bullish chart formation. Concern over the state of health of Ivory Coast President Felix Houphouët-Boigny was also a background market factor, they added. The Ivory Coast is the biggest cocoa producer.

Confidence appeared weaker with the later retreat, however. "I don't think it has suf-

ficiently broken the recent high at \$993 to warrant short-term optimism," one trader said. "It must be looking to consolidate now for a while."

The retreatment began after the New York market failed to sustain its firm opening trend. The technical picture was still good, traders said, but New York's unwillingness to continue the upward had sapped the strength of London's rally.

in their interests and is unnecessary given the recent improvement in prices and consumption.

While congratulating Indonesia on its record of growth, delegates also had words of caution. Mr Anthony Lane, Head of Agricultural Affairs at Cadbury, the UK confectionery company, said Indonesia must become "quality conscious as well" or its cocoa would continue to sell at a discount to the world market.

Mr Wateridge warned that the extent of future price rises "depends critically on Indonesia's". Unless Indonesia curbed

production growth it was "likely to put a very low ceiling on the next up-turn in world prices".

Cocoa producers must come to terms with tough new regulations among consuming countries such as the US governing import quality, a senior US trader told the conference, reports Reuters.

Mr Johann Scheu, president of the Cocoa Merchants' Association of America, said new or newly-implemented regulations governing packaging, use of pesticides and storage conditions were hurting both producer and supplier.

"These changing attitudes of the public, and hence of government, are making life difficult for the cocoa trading and processing community," he warned.

The US leads the world in imposing tough import restrictions on commodities such as cocoa. Cocoa from three of the world's major exporters, Malaysia, Indonesia and Brazil, face compulsory fumigation at the point of import, raising the cost for importers who pass it on in the form of lower bids.

ing, and Poseidon. The department of mines believes that the region could contain deposits of gold, copper, lead, zinc, iron ore, nickel, chromium and tin in addition to diamonds. The main focus of interest is the Gawler Craton, a huge geological block which stretches over the Eyre Peninsula and north beyond Coober Pedy.

Mr Fardon says: "Foreign companies are welcome in their own right but we would prefer them to joint venture with an Australian company. And to acquire tenements they must have a registered company in Australia."

## Tin price manipulation alleged

By Kenneth Gooding,  
Mining Correspondent

SUGGESTIONS THAT the tin price was being manipulated upwards emerged yesterday after the metal's price moved decisively through \$5,000 a tonne on the London Metal Exchange only one month after dropping to a 30-year low point of \$4,380.

Metals for delivery in three months closed yesterday at \$5,053, nearly 16 per cent above last month's low.

"Most of the recent price increase is artificial, the result of a well-timed, concerted effort to boost the price," said Mr Lesley Campbell, analyst at Ruxford Wolt, the commodity broker. As the operation was centred on the Kuala Lumpur Tin Market, rather than the LME, it was probable that the manipulation was producer - and not just merchant - inspired, she suggested in a special report.

Mr Campbell said the timing of the manipulation was perfect as the market was over-sold and nervous. But also the fundamental situation of the tin market had changed in the past six weeks as mines had cut production of concentrates (an intermediate product). The market had not responded to this trend previously because refined metal is available from other sources such as the US official stockpile and LME stocks, currently standing at 20,500 tonnes. "The concentrate tightness could take another year to filter through and give real support to prices," said Mr Campbell.

Meanwhile, Reuters reported that delegates at a meeting of the Association of Tin Producers in London last week said tin stocks could rise from 30,000 to 38,000 tonnes by the end of 1993 against an ATP target of 30,000 tonnes.

By 1996, water companies in England and Wales would have spent about £1.5 billion on treating water to remove nitrates from 50mg per litre. "Risk-benefit analysis suggests that there are far more medically useful ways to spend money than by reducing nitrate levels in drinking water when money is in short supply," said Mr Jenkinson.

Turning to global warming, he said research at Rothamsted indicated that an increase in temperature of 1.5 degrees centigrade over the next 60 years would release an extra 1bn tonnes of carbon as carbon dioxide into the atmosphere each year from soil organic matter.

This was in addition to the roughly 6bn tonnes of carbon currently being released each year by burning fossil fuels.

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## Tea planters find salvation in samovars

Imports by CIS states have filled a yawning gap in Sri Lanka's market, writes Richard Cowper

IN ONE of the more theatrical gestures of his tenure as Russian president, Boris Yeltsin last month stopped in the middle of his television broadcast announcing his push against the communist old guard in parliament and calmly sipped a cup of tea.

The chances are the tea came from Sri Lanka, for Colombo expects to sell more than 30,000 tonnes to Russia and former Soviet states this year, making the Commonwealth of Independent States by far the country's biggest customer for tea.

Everyone agrees that Russia and the CIS have come to Sri Lanka's rescue. Two years ago Colombo lost its biggest market in Iraq because of the post-Gulf war United Nations trade embargo and this year, with production expected to be up 30 per cent on 1992, it suffered two further blows with sharp declines in demand from Iran and Egypt.

Last year by far the largest proportion of Sri Lanka's 178,000 tonnes of tea exports was shipped to the Middle East, with Iran in top place taking 24,000 tonnes, Jordan a close second, with nearly 22,000 tonnes, and Egypt third with almost 17,000 tonnes. Iran and Egypt alone accounted for 23 per cent of Sri Lanka's exports, but in the first seven months of this year sales to these two fell by half, while Russia and the CIS came from nowhere to take 19,100 tonnes - or 16 per cent of all Colombo's exports.

By the end of this year Russia and the CIS are expected to have bought upwards of 30,000 tonnes of Sri Lanka tea out of total exports of about 206,000 tonnes.

Traditionally, the former Soviet Union imported most of its tea from India in a barter arrangement under which Russian arms were effectively for Indian commodities. But with the breakup of the Soviet Union and arguments with New Delhi over exchange rates the CIS has turned to the world market for its annual requirements.

Sri Lanka was quick to spot the opportunity and mounted a strong export drive, which has enabled Colombo to sell almost all of its tea to the CIS in this new market in 1993.

Mr Rupasingha Karunatilake, minister for plantation indus-

tries, visited Russia in July and Mr A.R. Mansoor, the minister for trade, made a three-week tour through Russia, Kazakhstan, Belarus, Uzbekistan and the Ukraine in September signing agreements with all five states to promote trade.

"The CIS pays cash and there is tremendous scope for exporting tea and other commodities to these countries," says Mr Mansoor.

The Russian market is highly attractive to Colombo for a variety of reasons, including what the Sri Lanka Tea Board sees as the possibility of gaining added value by direct marketing. According to Mr T. Sambasivam, a consultant with the board, the main attractions include:

• Russia traditionally absorbs about 180,000 tonnes of tea a year, mostly orthodox teas of which Sri Lanka is by far the world's biggest exporter.

• The CIS and Russia pay cash.

• Deteriorating economic circumstances means these countries want the cheapest quality tea, which suits Sri Lanka because it can afford traditional teas which otherwise might be difficult to sell.

• Russia has few factories for packaging and labelling into consumer packets - a field in which Colombo has great expertise.

• No multinational drinks company has an entrenched position in Russia, nor does one single brand dominate the market.

Mr Sambasivam says if all goes well the hope is to export up to 40,000 tonnes to Russia and the CIS next year when it is hoped that Sri Lanka's newly-appearing plantation managers will have further boosted the country's tea output to a record 260,000 tonnes, weather permitting.

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## Survey reveals S Australia's 'staggering' mineral wealth

By Kenneth Gooding,  
Mining Correspondent

MINING COMPANIES are expected to spend A\$25m (£11m) exploring the state of South Australia in the next 12 months following the revelation that, according to Mr Ross Fardon, director general at the department of mines and energy, some of the most abundant mineral resources are to be found there under shallow cover.

He says the state has the potential to rank alongside Western Australia, Chile and South Africa in the mining industry.

This follows a \$150m geological survey one of the most comprehensive ever seen in the western world - carried out by the state government.

The survey was needed because two-thirds of South Australia is covered by soil and sands which hide the mineral-bearing bedrock. However, advanced aeromagnetic surveys are able to penetrate this cover.

"The results are staggering," says Mr Fardon. "We've discovered bedrock terrains under shallow cover which are equivalent to those containing the giant mineral deposits at Broken Hill, Mount Isa and Olym-

pic Dam, all world-class deposits."

About 500,000 square kilometres, an area the size of Spain, are being mapped and tied in with other high-quality data and the details are being made available at very little cost to exploration companies.

Mr Fardon is at present on a three-week tour of Europe and South Africa to spread the word. "We would welcome foreign expertise and money," he says.

So far about 30 per cent of the survey data has been released and applications for exploration licences have tripled in the first eight months of this year.

The early data also sparked a diamond rush after aeromagnetic and radiometric pictures revealed about 60 geological "bubbles" which closely resemble diamond-bearing kimberlite pipes.

"We could be sitting on diamond resources comparable to the world's biggest diamond mine at Argyle in Western Australia," says Mr Fardon enthusiastically.

About ten companies have started a diamond search and are expected to spend about A\$2m this year. They include De Beers' local subsidiary Stockdale, CRA, Ashton Min-

ing, and Poseidon. The department of mines believes that the region could contain deposits of gold, copper, lead, zinc, iron ore, nickel, chromium and tin in addition to diamonds. The main focus of interest is the Gawler Craton, a huge geological block which stretches over the Eyre Peninsula and north beyond Coober Pedy.

Mr Fardon says: "Foreign companies are welcome in their own right but we would prefer them to joint venture with an Australian company. And to acquire tenements they must have a registered company in Australia."

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	99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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (771) 673-4378 for more details.

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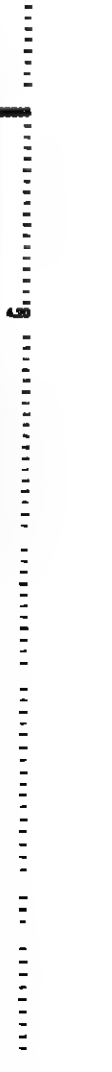


+ or -	Yield Gram
-	0.68
+	0.79
+	0.80
+	0.81
+	0.82
+	0.83
+	0.84
+	0.85
+	0.86
+	0.87
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	Value	Count
Control	0.0	0.0
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	-10.0	0.0
	-8.7	0.0
	-7.4	0.0
	-6.1	0.0
	-4.8	0.0
	-3.5	0.0
	-2.2	0.0
	-0.9	0.0
	0.4	0.0
	1.7	0.0
	3.0	0.0
	4.3	0.0
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	6.9	0.0
	8.2	0.0
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	10.8	0.0
	12.1	0.0
	13.4	0.0
	14.7	0.0
	16.0	0.0
	17.3	0.0
	18.6	0.0
	19.9	0.0
	21.2	0.0
	22.5	0.0
	23.8	0.0
	25.1	0.0
	26.4	0.0
	27.7	0.0
	29.0	0.0
	30.3	0.0
	31.6	0.0
	32.9	0.0
	34.2	0.0
	35.5	0.0
	36.8	0.0
	38.1	0.0
	39.4	0.0
	40.7	0.0
	42.0	0.0
	43.3	0.0
	44.6	0.0
	45.9	0.0
	47.2	0.0
	48.5	0.0
	49.8	0.0
	51.1	0.0
	52.4	0.0
	53.7	0.0
	55.0	0.0
	56.3	0.0
	57.6	0.0
	58.9	0.0
	60.2	0.0
	61.5	0.0
	62.8	0.0
	64.1	0.0
	65.4	0.0
	66.7	0.0
	68.0	0.0
	69.3	0.0
	70.6	0.0
	71.9	0.0
	73.2	0.0
	74.5	0.0
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	77.1	0.0
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	83.6	0.0
	84.9	0.0
	86.2	0.0
	87.5	0.0
	88.8	0.0
	90.1	0.0
	91.4	0.0
	92.7	0.0
	94.0	0.0
	95.3	0.0
	96.6	0.0
	97.9	0.0
	99.2	0.0
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	101.8	0.0
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	112.2	0.0
	113.5	0.0
	114.8	0.0
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	118.7	0.0
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	125.2	0.0
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	135.6	0.0
	136.9	0.0
	138.2	0.0
	139.5	0.0
	140.8	0.0
	142.1	0.0
	143.4	0.0
	144.7	0.0
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## OFFSHORE INSURANCES

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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGE

## DM lower on German rate cut

FINANCIAL markets shifted gear yesterday as foreign exchange dealers were taken aback by a surprise rate cut by the German Bundesbank, writes Peter John.

The decision to reduce the lower level discount rate to 5.75 per cent from 6.25 per cent, the upper level Lombard rate to 6.75 per cent from 7.25 per cent and the 14-day securities repurchase rate to 6.4 per cent from 6.9 per cent, led to a sharp fall of the D-Mark against leading currencies.

It also prompted a rash of rate cuts throughout continental Europe with expectations of more to come. Belgium, Switzerland, Austria, Italy and the Netherlands all followed Germany's lead.

The Bundesbank announced a press conference yesterday but few economists anticipated any shift in key rates after Wednesday's surprise rate cut was only reduced by three basis points to 6.97 per cent.

When the rate news broke there was a wave of heavy short-term speculative selling of the D-Mark to buy dollars by a penny.

That strength was followed through and dealers said the previous ceiling for the cur-

rency of around DM165.50 had now become the new floor. The dollar closed up nearly two pence on DM1.6635.

The D-Mark's loss was the pound's gain in spite of growing conviction that the UK chancellor will cut base rates soon, possibly by as much as one percentage point, and therefore reduce the returns for holders of sterling. The pound closed 2.25 pence higher at DM2.4725. The fact that sterling's rise reflected the German currency's weakness was underlined by its close against the dollar down at \$1.4870 from \$1.49.

By contrast, the Belgian franc, which has been the focus of speculative attacks over the past fortnight, failed to recover spectacularly. An early rally was undermined by news that unions had pulled out of negotiations on the social pact to hold down wages and reduce jobs.

It was not until the National

Bank of Belgium reduced its central rate to 9.4 per cent from 9.85 per cent and its discount rate by half a point to 6 per cent that the currency showed some signs of life. It rallied by the close of trading to BFR21.67 to the D-Mark, up from BFR21.62 previously.

The French franc gained two centimes against the D-Mark to FFFr5.120. Mr Brian Hilliard, of SGST the French-owned securities house, said: "The fact that the franc appreciated news will give the Bank of France heart that if it cuts rates the franc will hold steady."

The Dutch central bank cut official key rates by a quarter percentage point and lowered its short-term special advances money market rate to 6.1 per cent from 6.4 per cent.

The Danish krone, recovered on anticipation that the central bank would cut its central rate from the current 8.5 per cent. The krone rose to DKr4.0255 to the D-Mark from DKr4.0392.

## EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	% Change	% Annual	Divergence
Dutch Guilder	2.1437	-0.44	6.44	-
French Franc	1.3663	-0.22	6.21	-
Italian Lira	1.936	-0.22	6.21	-
Spanish Peseta	166.64	-0.22	6.21	-
Portuguese Escudo	200.48	-0.22	6.21	-
Belgian Franc	233.36	-0.22	6.21	-
Swiss Franc	1.4870	-0.22	6.21	-
Japanese Yen	161.00	-0.22	6.21	-

Source: Central bank of the European Communities. Currency unit in descending order of strength. Percentage change and annual change based on the actual month and year of the currency's introduction. The divergence between the actual month and year of the currency's introduction and the actual month and year of the currency's introduction is shown in the last column.

Forward premiums and discounts apply to the US dollar.

## STERLING INDEX

Oct 21	Oct 20	Oct 19
6.30 am	80.1	79.9
9.00 am	80.1	79.9
11.00 am	80.1	79.9
1.00 pm	80.1	79.9
3.00 pm	80.1	79.9
4.00 pm	80.1	79.9

## CURRENCY RATES

Currency	Oct 21	Oct 20	Oct 19
US Dollar	1.6635	1.6635	1.6635
Japanese Yen	161.00	161.00	161.00
Swiss Franc	1.4870	1.4870	1.4870
French Franc	136.63	136.63	136.63
Italian Lira	193.60	193.60	193.60
Spanish Peseta	166.64	166.64	166.64
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	233.36	233.36	233.36
Dutch Guilder	2.1437	2.1437	2.1437
Danish Krone	4.0255	4.0255	4.0255
Greek Drachma	340.75	340.75	340.75
Irish Punt	7.8756	7.8756	7.8756
Malaysian Ringgit	2.3362	2.3362	2.3362
New Zealand Dollar	1.6700	1.6700	1.6700
Singapore Dollar	1.3663	1.3663	1.3663
South African Rand	6.5000	6.5000	6.5000
Thai Baht	55.9375	55.9375	55.9375
UK Pound	1.0000	1.0000	1.0000

Source: Bank of England. All rates are quoted in US dollars. All rates are quoted in US dollars. All rates are quoted in US dollars.

## CURRENCY MOVEMENTS

Currency	Oct 21	Oct 20	Oct 19
US Dollar	1.6635	1.6635	1.6635
Japanese Yen	161.00	161.00	161.00
Swiss Franc	1.4870	1.4870	1.4870
French Franc	136.63	136.63	136.63
Italian Lira	193.60	193.60	193.60
Spanish Peseta	166.64	166.64	166.64
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	233.36	233.36	233.36
Dutch Guilder	2.1437	2.1437	2.1437
Danish Krone	4.0255	4.0255	4.0255
Greek Drachma	340.75	340.75	340.75
Irish Punt	7.8756	7.8756	7.8756
Malaysian Ringgit	2.3362	2.3362	2.3362
New Zealand Dollar	1.6700	1.6700	1.6700
Singapore Dollar	1.3663	1.3663	1.3663
South African Rand	6.5000	6.5000	6.5000
Thai Baht	55.9375	55.9375	55.9375
UK Pound	1.0000	1.0000	1.0000

Source: Bank of England. All rates are quoted in US dollars. All rates are quoted in US dollars. All rates are quoted in US dollars.

## OTHER CURRENCIES

Currency	Oct 21	Oct 20	Oct 19
Argentine Peso	1.4870	1.4870	1.4870
Australian Dollar	1.6635	1.6635	1.6635
Canadian Dollar	1.3663	1.3663	1.3663
Chinese Yuan	8.2750	8.2750	8.2750
Hong Kong Dollar	7.7500	7.7500	7.7500
Indian Rupee	46.3500	46.3500	46.3500
Israeli Sheqel	1.8000	1.8000	1.8000
Kenyan Shilling	1.0000	1.0000	1.0000
Malaysian Ringgit	2.3362	2.3362	2.3362
New Zealand Dollar	1.6700	1.6700	1.6700
Singapore Dollar	1.3663	1.3663	1.3663
South African Rand	6.5000	6.5000	6.5000
Thai Baht	55.9375	55.9375	55.9375
UK Pound	1.0000	1.0000	1.0000
US Dollar	1.6635	1.6635	1.6635

Source: Bank of England. All rates are quoted in US dollars. All rates are quoted in US dollars. All rates are quoted in US dollars.

## EXCHANGE CROSS RATES

Currency	Oct 21	Oct 20	Oct 19
US Dollar	1.6635	1.6635	1.6635
Japanese Yen	161.00	161.00	161.00
Swiss Franc	1.4870	1.4870	1.4870
French Franc	136.63	136.63	136.63
Italian Lira	193.60	193.60	193.60
Spanish Peseta	166.64	166.64	166.64
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	233.36	233.36	233.36
Dutch Guilder	2.1437	2.1437	2.1437
Danish Krone	4.0255	4.0255	4.0255
Greek Drachma	340.75	340.75	340.75
Irish Punt	7.8756	7.8756	7.8756
Malaysian Ringgit	2.3362	2.3362	2.3362
New Zealand Dollar	1.6700	1.6700	1.6700
Singapore Dollar	1.3663	1.3663	1.3663
South African Rand	6.5000	6.5000	6.5000
Thai Baht	55.9375	55.9375	55.9375
UK Pound	1.0000	1.0000	1.0000

Source: Bank of England. All rates are quoted in US dollars. All rates are quoted in US dollars. All rates are quoted in US dollars.

## FOUNDER - DOLLAR

Currency	Oct 21	Oct 20	Oct 19
US Dollar	1.6635	1.6635	1.6635
Japanese Yen	161.00	161.00	161.00
Swiss Franc	1.4870	1.4870	1.4870
French Franc	136.63	136.63	136.63
Italian Lira	193.60	193.60	193.60
Spanish Peseta	166.64	166.64	166.64
Portuguese Escudo	200.48	200.48	200.48
Belgian Franc	233.36	233.36	233.36
Dutch Guilder	2.1437	2.1437	2.1437
Danish Krone	4.0255	4.0255	4.0255
Greek Drachma	340.75	340.75	340.75
Irish Punt	7.8756	7.8756	7.8756
Malaysian Ringgit	2.3362	2.3362	2.3362
New Zealand Dollar	1.6700	1.6700	1.6700
Singapore Dollar	1.3663	1.3663	1.3663
South African Rand	6.5000	6.5000	6.5000
Thai Baht	55.9375	55.9375	55.9375
UK Pound	1.0000	1.0000	1.0000

Source: Bank of England. All rates are quoted in US dollars. All rates are quoted in US dollars. All rates are quoted in US dollars.

## MONEY MARKETS

## Rate cut hopes soar

THE surprise decision by the German central bank to cut key interest rates by half a percentage point gave a fillip to European interest rate contracts yesterday, writes Peter John.

The main beneficiary of the Bundesbank announcement was the French three-month lending contract which, at one stage, jumped almost a third of a point from its previous close.

France desperately needs lower interest rates to regenerate its economy and the market was convinced yesterday that a reduction in the French intervention rate, which sets the floor for French lending, would come very shortly.

UK clearing bank has leading rate 9 per cent from January 23, 1993.

The futures contract for December closed 30 basis points higher on the day at 93.76.

Belgium would also benefit greatly from lower rates and the Belgian December futures contract rose 20 basis points to 92.80. Meanwhile, the German December contract gained 12 basis points to 93.85.

The short sterling contract for December closed at its high of the day, 11 basis points higher at 94.73.

One dealer said: "The Bundesbank reduction makes a

## FINANCIAL FUTURES AND OPTIONS

## LIFE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
113	0.20	0.10	0.10
114	0.20	0.10	0.10
115	0.20	0.10	0.10
116	0.20	0.10	0.10
117	0.20	0.10	0.10
118	0.20	0.10	0.10
119	0.20	0.10	0.10
120	0.20	0.10	0.10

Estimated volume total, Oct 21 15100 Puts 9834  
Previous day's open bid, Oct 20 15100 Puts 9834

## LIFE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
113	0.20	0.10	0.10
114	0.20	0.10	0.10
115	0.20	0.10	0.10
116	0.20	0.10	0.10
117	0.20	0.10	0.10
118	0.20	0.10	0.10
119	0.20	0.10	0.10
120	0.20	0.10	0.10

Estimated volume total, Oct 21 15100 Puts 9834  
Previous day's open bid, Oct 20 15100 Puts 9834

## LIFE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
113	0.20	0.10	0.10
114	0.20	0.10	0.10
115	0.20	0.10	0.10
116	0.20	0.10	0.10
117	0.20	0.10	0.10
118	0.20	0.10	0.10
119	0.20	0.10	0.10
120	0.20	0.10	0.10

Estimated volume total, Oct 21 15100 Puts 9834  
Previous day's open bid, Oct 20 15100 Puts 9834

## LIFE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
113	0.20	0.10	0.10
114	0.20	0.10	0.10
115	0.20	0.10	0.10
116	0.20	0.10	0.10
117	0.20	0.10	0.10
118	0.20	0.10	0.10
119	0.20	0.10	0.10
120	0.20	0.10	0.10

Estimated volume total, Oct 21 15100 Puts 9834  
Previous day's open bid, Oct 20 15100 Puts 9834

## LIFE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
113	0.20	0.10	0.10
114	0.20	0.10	0.10
115	0.20	0.10	0.10
116	0.20	0.10	0.10
117	0.20	0.10	0.10
118	0.20	0.10	0.10
119	0.20	0.10	0.10
120	0.20	0.10	0.10

Estimated volume total, Oct 21 15100 Puts 9834  
Previous day's open bid, Oct 20 15100 Puts 9834

## LIFE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
113	0.20	0.10	0.10
114	0.20	0.10	0.10
115	0.20	0.10	0.10
116	0.20	0.10	0.10
117	0.20	0.10	0.10
118	0.20	0.10	0.10
119	0.20	0.10	0.10
120	0.20	0.10	0.10

Estimated volume total, Oct 21 15100 Puts 9834  
Previous day's open bid, Oct 20 15100 Puts 9834

## LIFE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
113	0.20	0.10	0.10
114	0.20	0.10	0.10
115	0.20	0.10	0.10
116	0.20	0.10	0.10
117	0.20	0.10	0.10
118	0.20	0.10	0.10
119	0.20	0.10	0.10
120	0.20	0.10	0.10

Estimated volume total, Oct 21 15100 Puts 9834  
Previous day's open bid, Oct 20 15100 Puts 9834

## LIFE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
113	0.20	0.10	0.10
114	0.20	0.10	0.10
115	0.20	0.10	0.10
116	0.20	0.10	0.10
117	0.20	0.10	0.10
118	0.20	0.10	0.10
119	0.20	0.10	0.10
120	0.20	0.10	0.10

Estimated volume total, Oct 21 15100 Puts 9834  
Previous day's open bid, Oct 20 15100 Puts 9834

## LIFE LONG GILT FUTURES OPTIONS

FOREIGN EXCHANGE RATES				
Spot	1-mth.	3-mth.	6-mth.	12-mth.
970	1.4834	1.4794	1.4720	1.4613

Cyprus Popular Bank ...

FT LONDON	
(11.00 a.m. Oct 27)	3 months US
bids 3 1/4	offer 3 1/4

The above rates are the arithmetic mean of the ...

es soar

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[illegible][illegible]

**FAR MORE THAN A GUN VOLT!**



**4 pm close October 21**

[illegible]

GET YOUR







AMERICA

# Dow in retreat after opening on an upbeat

Wall Street

AMID a flurry of corporate earnings reports and a weakening bond market, US stock prices retreated yesterday after opening on an upbeat. The Dow Jones industrial average was down 5.70 at 3,648.40. The more broadly based Standard & Poor's 500 was off 0.86 at 455.21, while the Amex composite was up 0.41 at 477.0. The Nasdaq composite continued to lose ground, falling 2.34 to 765.91.

Trading volume on the NYSE was 149m shares by 1 p.m., with declining issues outnumbering advances by 1,040 to 813.

The session opened on an upbeat note following the decision by the German central bank to cut interest rates by half of a percentage point: the move appeared to improve prospects for US export opportunities to Europe.

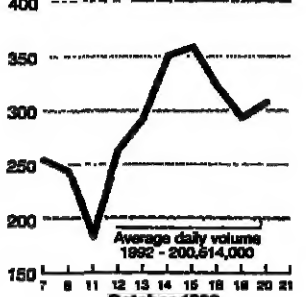
The only significant economic indicator of the day - the labor department's weekly report on unemployment benefit claims - was largely shrugged off by traders. The data showed that claims for the week ended October 16 had risen by 6,000 from a revised figure of 344,000 for the previous week. However, analysts said that the increase reflected

technical factors, rather than any deterioration in the labour market.

Most investor attention was focused on a rash of quarterly earnings, which yielded results that were mixed to slightly better than expected.

However, equities began to fall into negative territory as the morning progressed. The negative mood set in after the

NYSE volume



bond market began to show considerable weakness in what started out as a largely featureless trading day.

Banking issues were given a boost by a strong earnings report from Bankers Trust, up 8% to \$79 after its announcement of an 88 per cent increase in net income.

The positive sentiment also gave a lift to Chemical, 4% higher at \$41. Citibank

picked up 3% at \$37.4, while Chase Manhattan was unchanged at \$34. Bancamerica recovered some of the ground lost in Wednesday's session, adding 4% to \$42.

Dow Chemical, one of the most actively traded issues, tumbled 2% to \$56, even though its third-quarter earnings of 50 cents a share were in line with analysts' expectations.

Telecommunications issues were mixed. AT&T shed 1% to \$59 after reporting that its NCR operation had fallen into loss in the third quarter. On the Nasdaq, MCI gained 1% to \$28 on news of a 12 per cent increase in revenues and net income in line with forecasts.

Microsoft contributed to the drag on the Nasdaq. The stock dropped 3% to \$78 amid concern over weakening growth at the software concern.

In the energy sector, Mobil added 4% to \$31, while Amoco was down 3% at \$56.

Canada

TORONTO stocks were led lower at midday by weakness in precious metals, the gold and silver index showing a fall of 134.32, or 1.35 per cent at 9,832.38.

The TSE-300 index was down 14.26 at 4,167.96 in volume of 31.4m shares valued at C\$598.5m. Declining issues led advances by 298 to 258, with 321 unchanged.

EUROPE

# Frankfurt and Paris differ on Buba cuts

THE Bundesbank's surprise cut in discount and Lombard rates hit markets at different times, and to different degrees yesterday afternoon, writes *Our Markets Staff*.

French equities, the UK investors' choice in recent years, moved fast, and further than other senior bourses. Germany, intriguingly, seemed to be declining at one point in the afternoon, but ended with a late surge on American money.

FRANKFURT saw the rate cuts before the official close but failed to react, the DAX index falling 6.88 to 2,035.88 on the session as German stock market turnover eased from DM8.8bn to DM5.6bn.

In the post-bourse, however, the DAX indicated DAX closed at 2,048.05. Mr Patrick Bettel, head of equity sales at Bank Julius Bär in Frankfurt, said that German fund managers had been sceptical about the effects of the rate cuts.

Deutsche Bank, down DM4.50 to DM53.3 at the official close, fell another DM3 to DM50.4 at one point - but that US fund managers came in late in the day.

The buying had been phenomenal, he said: "I've seen bigger US orders for individual stocks recently than I've seen in the past for the whole market". Post bourse recoveries took Deutsche Bank back up to around DM53.7, Siemens to DM53.7.

ASIA PACIFIC

Nikkei flat as region scores four new highs

Chemical rose Y10 to Y13.30 and Yamanouchi Y30 to Y23.70.

In Osaka, the OSE average dipped 70.90 to 22,085.22 in volume of 15.4m shares. The index lost ground for the fourth straight day as small-lot profit-taking depressed share prices.

Roundup

THE region geared up again, scoring four more new highs.

NEW ZEALAND saw a 14-cent gain in Fletcher Challenge to NZ\$3.77 on plans to divest itself of non-core assets.

Other significant contributions came from a 4-cent bounce in Telecom to NZ\$4.33

and a 3-cent rise in Carter Holt Harvey to NZ\$3.59.

The NZSE 400 index hit its highest point since November 23, 1989, ending 27.15, or 1.3 per cent, higher at 2,087.41 in turnover of more than NZ\$70m.

KUALA LUMPUR'S KLSSE composite index rose 14.14, or 1.5 per cent, to a closing peak of 970.41 on strong institutional buying of core stocks. Volume was some 643m shares.

According to analysts, news that Mr Ghafor Baba had withdrawn from the UMNO party polls, paving the way for Finance Minister Mr Anwar Ibrahim to become deputy prime minister, gave the

market a strong push.

JAKARTA closed firmer in active trading, the JKSE index finishing 3.22 ahead at a 1993 high of 466.31. MANILA reported heavy buying by both foreign and local fund managers as the composite index peaked again, closing 41.68 higher at 2,947.46.

AUSTRALIA was led forward by gold, and bargain hunting elsewhere. The All Ordinaries index gained 8.7 at 2,060.4 in turnover of A\$486.5m, with gold up 65.0 at 2,312.9.

HONG KONG tried to climb but profit-taking left it slightly lower, the Hang Seng index losing a net 20.13 at 2,892.68

after an intraday peak of 3,044.71. Turnover shrank from HK\$7.30bn to HK\$6.46bn.

Interest moved to quality second liners with China connections, Shougang International rising 40 cents to HK\$4.30 ahead of today's interim results.

BOMBAY fell on fears that there would be snags in the plan by which proxy-held shares, seized by the income tax department on suspicion that they belonged to persons accused in India's biggest financial scandal, would be allowed to be transferred to genuine buyers. The BSE index closed 57.6 lower at 2,892.68.

Written and edited by William Cochrane and John Pitt

FT-SE Actuaries Share Indices

October 21

Hourly changes

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FT-SE 250 1422.07 1414.54 1416.14 1407.10 1391.70

Best value 1000 (20/10/93) High/Low: 130 - 138.71 200 - 1426.47 Low/Low: 100 - 122.34 200 - 145.58

was to integrate its cargo activities in the Netherlands with its US partner, Northwest Airlines.

Ahold, the retailer, slightly lagged behind with a rise of 20 cents to F183.80. Some brokers have recently turned sellers of the stock ahead of its third quarter results in December, partly because of a possible downturn in sales in the US.

MADRID was busy, turnover climbing another Ptas4.6bn to Ptas5.6bn as the general index rose 1.57 to 305.18. Traders said that the market did little until lunchtime and that, when it did, interest was still directed at the high yield electrical utilities, Endesa among them.

Bank results left Santander and BBV more or less flat on figures below expectations but Argentina, with a good progress report, Ptas110 higher at Ptas5.960. Endesa rose Ptas130 to Ptas6.130.

MILAN was little moved by events elsewhere on the conti-

# Bangkok takes stock of global rally in equities

William Barnes assesses the current situation

Thailand's stock brokers are as bemused as anyone in Asia about the wave of foreign, notably US, money that has washed over the stock market since the end of September.

The SET index climbed to a new all-time high this week of 1,180.56, before some mild profit-taking yesterday took it down 4.56 to 1,153.32.

Mr Peter Schielebein, chief representative of Standard Chartered Securities, says: "Liquidity-driven markets are difficult to predict, so trying to choose an upside limit for this rally is fruitless."

Mr Scott Klimo, head of research at Smith New Court Far East, adds: "You have to look at this in the broader Asia context - with US investment we may have to get used to these markets on different ratings than we have grown accustomed to. Does US investment, for example, add two or three points on to the price/earnings ratios for these markets?"

The market still looks reasonably cheap on a regional basis with a p/e ratio of 18.3 times for 1993 earnings and 16.3 times for 1994 earnings, based on forecasts by Baring. This compares with Malaysia on 25.5 times 1993 earnings and Singapore on 26 times.

But setting aside the banking sector changes the p/e ratios to 23 times for this year and 20 times for 1994.

Mr David Robinson, managing director of Baring Research in Bangkok, says there is concern that the Thai market is now acquiring some specula-

tive froth. "If you do not believe that institutional flows (from the US, Europe and Japan) are going to continue, then you have got to be a bear; the recovery in the economy or in earnings does not justify current ratings," he maintains.

However, some brokers dismiss as "myth" talk of foreign money driving the Thai market

through the roof. One broking house managing director pointed out that the current upswing started long before the late-September/October injection of foreign money.

Overnight money currently collecting 2 to 3 per cent makes the stock market's 4 per cent yield look attractive to locals.

Bahat interest rates appear hardly likely to stiffen in the near future given surplus liquidity of between B\$50bn to B\$70bn (\$2bn to \$2.8bn).

No significant fundamental changes have taken place recently to steel the nerves of investors scared earlier this

year by the Securities and Exchange Commission, which rounded up some 30 alleged share manipulators, followed by the "accidental" leaking of the names of 123 suspects.

No sooner did a rather deflated market pop its collective head above the parapet than it was battered by dreadful first-quarter results: from a peak of 998 in January the SET index hit bottom this summer at around 820.

Encouraged by relative political stability, lukewarm half-year results and the Bank of Thailand's confidence that its 7.5 per cent growth target for the year was achievable with low inflation, local investors took the market towards the 1,000 level in October when foreign funds leapt into the fray.

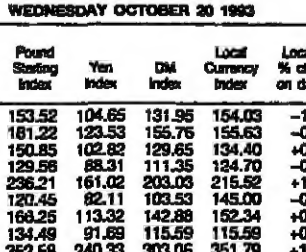
As elsewhere in Asia the money wave injected new life into smaller stocks and special situations whose balance sheets would not have been entertained by fund managers a year ago.

Although a correction, even an uncomfortable one, before the next advance would surprise none, several research-driven houses moot a level of 1,300 or 1,400 for the SET index before the end of the year.

However, the head of one brokerage house in Bangkok says that his best negative indicator has already been triggered: "I get worried when journalists phone up and start asking about the market, because then you are always near a high."

THAILAND

Indices rebound



Source: Datastream

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Tokyo

MOST investors retreated to the sidelines to wait for next week's listing of East Japan Railway, and the Nikkei average closed marginally higher after prices had moved into a narrow trading range, writes *Smile's Takanashi* in Tokyo.

The Nikkei was finally up 6.00 at 20,176.43 after a day's low of 20,108.81 and a high of 20,219.72. Public fund managers and arbitrageurs were late-morning buyers, but index-linked selling later eroded most of the gains. Volume totalled 223m shares, against 223m, as falls overwhelmed rises by 722 to 289, with 187 issues unchanged. The Topix index of all first section stocks shed 2.30 to 1,645.58. In London the ISE/Nikkei 50 index edged up 0.80 to 1,288.86.

Market participants anticipate that the JR East listing next Tuesday will help to activate the market, and also expect that a successful listing will prompt the lifting of an informal ban on new public share offerings, which has been in place since March 1990.

Telecommunications-related stocks lost ground on profit-taking. NTT receded Y13,000 to Y97,000 and DDJ, on the second section, relinquished Y158,000 to Y8,51m.

Game makers were lower on reports of shrinking profits: Sega Enterprises fell Y600 to Y9,250, Konami Y150 to Y3,740 and Namco Y100 to Y2,800.

Higher prices in pharmaceutical issues in New York encouraged investors: Takeda

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